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CITY OF BOSTON

Mayor's Management Review Committee

FINAL REPORT

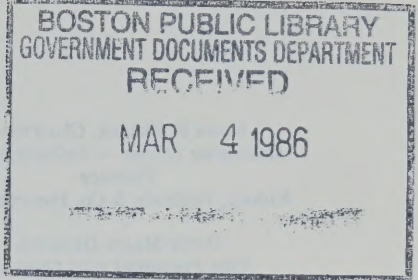
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CITY OF BOSTON

Mayor's Management Review Committee

FINAL REPORT

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CITY OF BOSTON

Mayor's Management Review Committee

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MAYOR'S MANAGEMENT REVIEW COMMITTEE

OVERVIEW

INTRODUCTION

The Mayor's Management Review Committee was commissioned by Mayor Flynn in December 1985 to assess the City of Boston's performance evaluation systems and to review the management of 18 city agencies and functions.

The Committee's membership included 50 professionals from a broad range of fields, including business, finance, government, accounting, and communications firms, as well as prominent members of the City's academic and legal communities. The Committee, whose members volunteered their time, energy and expertise to the project, included a Steering Committee and 18 Performance Review Committees.

The Steering Committee's mission was to review the government's current process of performance evaluation and goal setting in comparison to the practices of other major American cities and, where appropriate, to recommend specific improvements and modifications.

The 18 Performance Review Committees were responsible for reviewing the management of approximately one-half of the City's agencies, with an emphasis on assessing current agency capabilities to measure performance and the quality of service delivery. The members of the Mayor's Management Review Committee have completed this evaluation process and present their findings and recommendations to the Mayor in this report.

SUMMARY OF FINDINGS

Steering Committee

The 11-member Management Review Steering Committee met weekly to discuss existing and alternative performance evaluation and measurement systems of potential relevance to the City of Boston. The Committee reviewed both the current and the prior administration's approach to departmental goal setting and performance review. The Committee also examined current programs for measuring the provision of city services employed by 10 major cities throughout the country, as well as the appraisal systems of various private organizations with which Committee members were familiar. After conducting its broad survey, the Steering Committee met with the Performance Review Committees in order to refine and target its City-wide recommendations to the specific needs of the City's operating agencies.

Based on its review of alternative performance measurement models as well as The City of Boston's particular needs, the Committee concludes the following:

- The current administration has provided strong leadership and support in commissioning this effort to implement a successful performance evaluation process that is unique and specific to the operation of Boston's city agencies;

- Senior managers do not currently participate in a formal goal-setting process; policy direction is often communicated informally;
- Performance measures are used inconsistently to assess the quality of performance and service delivery by City departments;
- Many City departments experience difficulty in recruiting, retaining or training effective senior and middle managers;
- Managers are not able to rely on a system which allows for a timely response on day-to-day issues from the Mayor's office without meeting personally with the Mayor. Lines of communication between the Mayor's office and managers are not clear; and
- Communication and coordination among financial and management departments can be improved.

Service Effectiveness and Efficiency

One striking finding by the Committee was the recognition that the City and the majority of its managers lack a formal system for measuring the effectiveness and efficiency of the government's service delivery efforts. Measures of "effectiveness" would provide City managers with a systematic means for determining whether services were meeting the needs and expectations of the community. Measures of "efficiency", in contrast, are useful in determining whether an agency is delivering a reasonable level of services for each dollar spent on service delivery. In the area of street cleaning, for example, a systematic visual survey of street conditions (as is conducted in New York) would be a valid measure of street cleaning effectiveness, but not of service efficiency. The Administration could further measure the performance of its street cleaning initiative by analyzing the following: collection reliability; reinforcement for pick-up of large items; efficiency of disposal; mix of mechanical sweeping and manual cleaners; and other measures of service efficiency and effectiveness.

Performance Review Committees

The 18 Performance Review Committees present their detailed findings in the remaining chapters of this report. Each chapter includes an agency overview (including the number of personnel, recent appropriations, mission statement, organizational chart and description of programs), a discussion of relevant performance measures, an assessment of the agency's performance during the first half of the current administration and specific recommendations for enhancing agency operations.

STEERING COMMITTEE RECOMMENDATIONS

Summary

In the interest of furthering management accountability and the improvement of communication within the government relative to the implementation of Mayoral objectives, the Mayor's Management Review Steering Committee recommends the following:

- Formation of an Office of Budget and Program Evaluation responsible on a City-wide basis for the development of performance measurements by which to judge the quality and productivity of City service delivery;
- Formation of a Financial Management Cabinet chaired by the Director of Administrative Services and consisting of a vice-chairman, who shall be the Policy Director of the Office of the Mayor, the City Auditor, the Collector-Treasurer, and the Directors of the Offices of Budget and Program Evaluation, Capital Planning, Management Information Systems and Personnel Management;
- Formation of an Office of Personnel Management;
- The Policy Director in the Office of the Mayor shall promote the development of program goals and priorities for each City agency at the specific instruction of the Mayor;
- Reestablishment of a City services survey research operation as part of the new Office of Budget and Program Evaluation to record and evaluate community perceptions of service delivery quality;
- Establishment of clear lines of communication between the Mayor's Office and line departments; and
- Within one year, appointment by the Mayor of a Blue Ribbon volunteer commission of management specialists responsible for monitoring the City's implementation of service delivery performance measurements.

A discussion of each of these recommendations follows.

Office of Budget and Program Evaluation

Introduction. The Committee's initial recommendation is for the creation of an Office of Budget and Program Evaluation (OBPE). Though the City's current Office of Budget has made substantial progress on revenue forecasting and expenditure control (See Chapter III - Budget), the Office does not presently

possess a performance review capability. As the Committee discovered in its research of other agencies and areas, the current budget process plays no meaningful role in departmental internal planning, management, or agenda setting. There has been some emphasis on the development of more complete budgetary and program information, but little emphasis on city-wide implementation of meaningful and consistent performance measures which are useful from year to year and across various types of programs. As noted in this Report's Budget chapter, budget instructions and documents have not been used effectively as tools for defining the Administration's agenda, publicizing program activities, integrating performance and financial planning, or promoting City policies.

Budget and Staffing. The Committee proposes that an additional \$500,000 in funding be allocated to this new Office and that the existing staff of the Deputy Director of Administrative Services Fiscal Affairs be transferred to the new Office. While the budget of the present Office of the Budget also should be folded into the new Office of Budget and Program Evaluation personnel budget, the Committee believes the Administration should examine the qualifications of existing Office of Budget personnel in relation to the new tasks to be performed by the OBPE, given this expanded role.

Comparative Models. The Mayor's Management Review Committee surveyed the Mayor's office and budget departments of a number of major U.S. cities in an effort to evaluate alternative programs designed to monitor the provision of city services.

The survey considered:

- Structure and staffing of the office responsible for evaluating the provision of city services;
- Design of the existing performance review program and its relationship to the budget process and other city government entities;
- Timetable for program evaluation and measures development and long-term goal setting; and
- Specifics of the performance evaluation process and reporting requirements.

The Committee found that the programs fell into one of the following four models: 1) an independent non-governmental advisory committee; 2) an internal city audit system; 3) a separate mayoral office of performance review; or 4) a city office of budget and performance evaluation.

Model 1: Independent, Non-Governmental Committee

Several cities have groups or committees of volunteers from the private sector who meet on a regular basis to make recommendations to the City Council and Mayor and/or City Manager. Most often, their recommendations are of an advisory nature. Philadelphia presently has such an organization. Miami and Phoenix are in the process of establishing similar committees. In Philadelphia, the Chamber of Commerce's Municipal Assistance Committee, consisting of 20 volunteer members from the business community, meets regularly and makes recommendations to Mayor Goode and the City Council. The group was formed originally at the recommendation of the Mayor, but has been unable to implement a strong reporting relationship between itself and city departments.

Model 2: Office of Internal Audit

These government departments evaluate efficiency and primarily measure accountability for monies budgeted to specific agencies. Unlike a "budgeting by objective" process, these evaluations do not influence budget decisions directly, but rather serve to centralize and automate the collection of departmental data. Reports and data used by this office are usually produced by the city department itself. Final reports are made to the Mayor/City Manager and department heads. In some cities that also have offices of Management and Budget, this office is usually quite separate and has less of an impact on the actual budgetary appropriation process.

The City of Baltimore does not have an official mechanism for management performance planning and review. It appears to rely on its Offices of Internal Audit and Budgeting to provide most quantitative data. The Mayor assumes primary responsibility for monitoring performance and his actions are largely in response to the expressed concerns of his constituents. This information is supplemented by weekly meetings with his cabinet (comprised of various department heads). Periodically, the Mayor visits city departments and facilities to conduct "on-site" reviews of operations.

Model 3: Separate Mayoral Office of Performance Review

Another type of performance review organization used in several major cities, including New York and Chicago, consists of a separate office of performance evaluation reporting directly to the Mayor or City Manager, or their deputies. In this model, the performance evaluation office and the City's budget office are separately managed and staffed.

Some critical issues raised by this organizational approach include:

- the system's reliance on Mayoral staff to resolve tensions between the budget and performance review functions;
- the timing and integration of budget information and budget planning with the selection of performance targets and measurement of performance;

- the cost of maintaining two separate offices and staffs; and
- the limitation of the number of measurement categories so as to minimize the burdens on agency staff.

The most well-known example of a separately constituted performance review department is the New York City Office of Operations. The Office has a staff of 100, including: (1) approximately 35 professionals assigned to develop and monitor performance measures for particular agencies; (2) an Office of Systems and Controls; and (3) a group of policy specialists who focus on particular city-wide performance issues (e.g., purchasing and inventory control, industrial engineering). The Office reports to the Deputy Mayor for Operations. The City has a separate Office of Management and Budget (OMB) with a staff of 500 that is responsible for the City's budget.

The functions of the Office of Operations and the Office of Management and Budget are coordinated by the Mayor and Deputy Mayor and are regulated in part by City Charter, which requires the Mayor to produce a Management Review Report and a Financial Plan each year. The reports include detailed goals for each City department and a 5-year financial plan, the terms of which are negotiated by the OMB, Office of Operations and agency commissioners. Disputes are resolved by the Deputy Mayor or the Mayor.

At the more detailed level, the Office of Operations negotiates an Executive Management plan with each agency commissioner, including target numbers, planned projects and programs and step-by-step milestones for the achievement of objectives. The Office requires agencies to file monthly progress reports. Each quarter, the Office of Operations files a formal report to the Mayor on approximately 50 critical measures (e.g., fires, miles of streets repaved, number of uniformed police, overtime), and is in less formal communication with the Mayor on an ongoing basis.

Model 4: City Office of Budget and Performance Evaluation

This type of management performance review is designed to establish an interdependent relationship between the budgeting and management planning processes. Dallas, Milwaukee, Phoenix, San Diego, and San Francisco have a single department that handles both budgeting and management review.

The precise relationship between the two processes, however, varies among these cities. Some cities do not issue a budget until management objectives have been reviewed. In other cities the results of the management review do not influence budget decisions directly. Dallas serves as a good example of this type of planning mechanism. In Dallas, the Budget and Research Office administers the budget and the management review process. The Office develops Progress Performance Measures in coordination with each department manager and uses these measures to issue quarterly reports. The reports monitor department action and also help forecast progress over the coming months. At the end of the year, the Office issues an annual productivity report combining quarterly results. The City Council and Manager review this report. This entire process has some influence on budgetary planning, but a department's budget is not directly dependent on the productivity report.

In San Francisco, a Management by Objective (MBO) system was instituted in late 1978 to evaluate the performance of various departments within the City and County of San Francisco. This system is co-directed by its Deputy Supervisor and the Budget Director and fully integrates performance review and planning with the budget process. The MBO system is staffed by 14 analysts who maintain relationships with the heads of 55 city and county-wide departments. Reports are reviewed quarterly by the Deputy Supervisor and semi-annually by the Mayor. The Mayor releases a letter each year which outlines her reactions to the performance reports and her objectives for the following year.

Recommended Alternative. The Mayor's Management Review Committee recommends that Boston implement the fourth model described above: the Office of Budget and Performance Evaluation. A combined office of budget and performance evaluation avoids the duplication of staff associated with other models and ensures the integration of performance measurement and budgeting. The new Office of Budget and Performance Evaluation will require a sizable funding commitment from the City, which the Committee estimates at \$500,000, in excess of the current Office of Budget appropriation.

Performance Evaluation Responsibilities. The specific responsibilities of the Office of Budget and Performance Evaluation relate to the City-wide development of measures for monitoring and assessing agency performance and the coordination of budget decisions with the goal-setting process (managed by the Policy Director) and the measurement system (managed by OBPE).

The City's basic objective -- quality services within tight fiscal constraints -- is a far broader objective than that of any one department. As the Commission that led to the establishment of performance review in the City of New York in 1977 stated, "attainment of this objective requires a significant number of high-level managers working under the Mayor's leadership -- much as a private company needs executive officers to insure that company-wide objectives form the basis for the objectives of each of its operating units. The need for strong executive management, supported by a high-level professional staff, may be difficult for the public to understand, particularly now in this time of fiscal crisis. However, executive managers will in the long run more than justify their salaries in the money they are able to save through the implementation of modern management techniques."

The Office of Budget and Performance Review would be responsible for evaluating the capacity of each line agency to meet: (1) the mandates of its stated mission; (2) the formal goals established for the agency by the Mayor, through his Policy Director; and (3) the requirements for improvement of City services as set forth in an annual Mayor's Productivity Report.

Financial Management Cabinet

The Committee also recommends the creation of a Boston Financial Management Cabinet composed of: the Director of Administrative Services, serving as chairman of the Cabinet; the Policy Director, serving as vice-chairman; the City Auditor; the Collector-Treasurer; and the Directors of the Offices of Budget and Performance Evaluation, Capital Planning, Management Information Systems, and Personnel Management.

To secure the efficient implementation of the Mayor's goals and priorities, the Cabinet will coordinate the City's financial management planning and will address critical short and long-term issues of finance and management.

The Financial Management Cabinet should meet bi-weekly on a regularly scheduled basis in the Office of the Mayor.

Office of Personnel Management

The Committee also recommends that the City establish an Office of Personnel Management. The Office will have two primary objectives:

- improvement of the existing allocation of the City's personnel to service delivery; and
- evaluation of salaries for those middle management positions which, in agencies such as Assessing, Auditing, and Management Information Systems based on technical requirements, are no longer competitive with private sector opportunities and are critical to financial and management information systems of the City.

The Performance Review Committees encountered many agency performance difficulties that related directly to the competency, training and incentives of City agency managers. Many of the committee chapters highlight these problems and offer recommended solutions of specific application to the agencies reviewed. The agencies shared several common management problems, however, including an inability to attract or retain qualified personnel, the absence of management policies or procedures, inadequate in-service training and salaries for technical positions that are well below comparable wages paid by other Massachusetts government agencies and the private sector.

The findings contained in the Assessing, Auditing and Management Information System (MIS) chapters of the Report well illustrate these common middle-management issues.

For example, the Committee found that the Assessing Department had difficulty attracting good middle managers or technical staff. Compensation was clearly part of the problem, as middle managers had received only a single 4.5% raise over the last three years. Assessors also frequently "moonlighted" by doing private appraisals within the City.

In addition, the Auditing Department has experienced significant turnover. Many of the more senior accountant and auditor staff positions offer salaries of under \$25,000. At these pay levels, attracting and retaining professional staff, who by ordinance must live in the City, is difficult. In MIS, the Director of MIS obtained City Council approval for a waiver of the residency requirement in order to hire several technical specialists required.

In light of these findings by several Performance Review Committees, the Steering Committee recommends implementing a City-wide initiative to strengthen Boston's policies affecting the City's managers. The Committee hopes that the Middle Management Excellence Committee formed in late 1985 will lead this initiative and focus its work directly on the problems documented by this report.

Goal Setting Process/Policy Director

The Mayor's Management Review Committee also recommends formal establishment of a government-wide goal setting process. At the Mayor's direction, the Policy Director would be responsible for developing program goals and priorities with each agency prior to the formulation of the agency's next fiscal year budget. These goals would form the basis of more detailed Agency Management Plans to be carried out by the agencies during the following year. The more detailed annual Agency Management Plans would include statements of agency policy and program objectives (mission statements) and statements of specific service objectives and tasks required to achieve them (performance plans). The Office of Budget and Program Evaluation would be responsible for working with the agencies to develop the plan details within parameters set by the Mayor's Policy Director.

The Agency Management Plan is an important management tool. It provides both the Mayor and department directors with a mechanism to enforce management accountability. The system provides the Office of Budget and Performance Evaluation with a system for coordinating services by all City agencies and monitoring adherence to the Mayor's overall service delivery priorities.

Survey Research

The Committee further recommends the re-institution of a City services survey research operation. The survey group, to be located within the proposed Office of Budget and Program Evaluation, will be part of that office's effort to improve the capacity of city government to measure the quality of its service delivery. The survey group will regularly evaluate citizen perceptions regarding the delivery of services by line agencies. This citizen feedback will provide the Office with important performance information with which to make mid-course correction in agency operating strategies and, in coordination with the Mayor's Policy Director, adjustments to the administration's policy priorities.

Clear Lines of Communication

There is a need to establish clear lines of communication between the Mayor's Office and department heads so that the department heads can receive Mayoral feedback in a timely fashion when meeting directly with the Mayor is not essential to the immediate resolution of the problem.

Mayor's Advisory Commission on Performance Measures

To advise the administration on the establishment of specific systems for the improvement of basic City services, the Committee recommends that, within one year, the Mayor appoint an advisory committee of management specialists. The committee, whose members will serve the City on a volunteer basis, will review the implementation of the proposed system for evaluating service delivery by City agencies and functions, including the 18 studied in this report and all other departments, offices, boards and commissions. Similar commissions were constituted in New York City and other cities at the time performance evaluation systems were implemented and, based on a review of those experiences, the Mayor's Management Review Committee recommends that a similar panel be constituted in Boston.

PERFORMANCE REVIEW COMMITTEE REPORT SUMMARIES

ASSESSING

Assessment of Performance

The 1986 revaluation effort by the Assessing Department represents an enormous improvement in the quality of assessments in Boston. It has greatly enhanced the fairness and credibility of assessments and will save the City money by limiting the magnitude of future abatements.

The improvement was greatest where it was needed the most, namely in residential assessments. Approximately 70 percent of the homes in the City were visited and the data were extensively checked. The CAMA software that was acquired in 1984 has worked well and modern professional techniques have been used to calculate assessed values. The assessed values meet professional standards as measured by the coefficient of dispersion statistics.

The accuracy of commercial property assessments is inherently more difficult to ensure because, unlike residential property, relatively few parcels sell during a given year. Since 1983 some troublesome features have been eliminated so that currently the quality of the commercial assessments appears adequate.

The accuracy of assessments in Boston obviously depends on the quality of the managers and technical staff in the Assessing Department. During the last two years, the Department has made major improvements in its personnel management. Nevertheless, the Assessor still faces obstacles to the attraction and retention of high-quality middle managers and technical staff.

Recommendations

- Increase the pay of middle managers and technical staff to competitive levels;
- Continue to be careful not to use consultants for tasks requiring long-term staff expertise; and

- Establish an objective check on the quality of residential assessments through institution of a testing process for checking a 1% sample of assessments.

AUDITING

Assessment of Performance

Based on its review of the Auditing Department's performance, the Committee believes the City Auditor's office functions efficiently in each area reviewed. Where performance appears to be inadequate, the primary reason for the inadequacy stems from lack of sufficient experienced staff or systems capability to meet the City Auditor's performance objectives.

Accounting Systems. To address accounting system shortcomings, the City Auditor working in conjunction with the Director of MIS, the Collector-Treasurer and the Budget Director, has contracted to install a version of the Local Government Financial System in the City of Boston.

The Committee supports City efforts to implement an integrated financial accounting and reporting system, but believes that additional qualified and trained accounting staff will be required for the system to attain its objectives. Institution of a new integrated accounting system will not produce material improvements in the City's financial reporting practices unless the system is operated and maintained by qualified data processing and accounting professionals.

Accounts Payable. The Committee focused its review of vendor payment timeliness on the lag time between the date the vendor submits the invoice to the agency and the date the invoice is entered by the City Auditor's staff into the accounts payable system. The Committee's analysis of lag time statistics maintained by the City Auditor reveals that agency delay is a substantial contributor to the lack of timeliness of vendor payments. The overall agency lag time for all 5,114 invoices processed by the 12 agencies was 76 days.

Recommendations

The Committee offers five primary recommendations relating to the Auditing Department:

- Additional experienced professional staff positions should be added to the office to improve financial management reporting and to develop an internal audit capability;
- An accounting procedures manual should be developed;
- A program to reduce agency lag time in the processing of vendor invoices should be established;

- Financial statements and management letters should be produced on a more timely basis; and
- The City's independent accounting systems should be integrated.

BUDGET

Assessment of Performance

The development of revenue budgets and monitoring systems, the introduction of certain expenditure controls, reversal of chronic under budgeting of selected mandated expenditures, and automation of certain budget preparation and monitoring functions are all cited as Office of Budget accomplishments.

While progress has been made on revenue, budgetary and expenditure control, much remains to be done, however, if the budget and budget process are to be serious vehicles for the improvement of City services and for the articulation of administration priorities, goals and performance measures. The Committee's findings were that:

- The current budget process does not provide for needed systematic collection and analysis of performance data on agency programs and services;
- The budget process is not viewed by agency heads as a meaningful planning and management tool; and
- The existing organizational structure, data and professional resources, and level of funding are inadequate to support a more comprehensive budget process.

Recommendations

Based on these findings, the Committee recommends that:

- An integrated system of agency performance evaluation and budgeting should be established by the Administration. To staff and support such a system, the existing Administrative Services and Budget Divisions of the Administrative Services Department should be consolidated, forming the nucleus of a new Office of Budget and Program Evaluation;
- In recruiting new staff for this consolidated office, the Administration should seek persons who combine substantive experience in municipal services with analytic skills and training; and

- The budget process should be based upon annual agency workplans. Indicators of agency performance should be based upon those recommended by other working groups involved in the Mayor's Management Review and should incorporate recommendations from the Mayor's Policy Office and other affected divisions of the ASD.

BUSINESS AND CULTURAL DEVELOPMENT

Assessment of Performance

The Mayor's Office of Business and Cultural Development was established by City Ordinance in June 1984. The Ordinance outlines six somewhat incompatible objectives. These are: a) development of business opportunities for Boston; b) retention of business opportunities; c) promotion of trade and tourism; d) enhancement of cultural aspects of life; e) organization of annual and special celebrations; and f) establishment and support (with technical assistance) of advisory groups to neighborhood, minority and women's groups.

The Mayor's Management Review Committee found: 1) the level of involvement on the part of the Office of Business and Cultural Development varies from providing advice to playing an instrumental role in organization and planning; 2) the responsiveness to unanticipated events is excellent, though this responsiveness necessarily supercedes efforts to achieve other objectives on the Office's overall agenda; and 3) the time available to undertake new initiatives is highly limited, mainly because of the demand upon the staff from activities which are already on the schedule or which are requested on short notice.

Recommendations

The Mayor's Management Review Committee recommends:

- spinning off the incompatible arts component into a new agency to provide a better focus on the needs of the arts community; and
- coordination of a private sector fundraising effort to support local arts activities.

CAPITAL PLANNING

Assessment of Performance

The Mayor's Office of Capital Planning (OCP) has recorded many impressive achievements since its creation in July 1984. The major accomplishment was the preparation and publication of the City's first comprehensive multi-year capital plan since 1963, Investing In Boston's Future: A Five-Year Capital Plan. The previous absence of such a document and accompanying financing plan

contributed to the massive deterioration of the City's infrastructure. Investing In Boston's Future proposes \$632 million of capital investment for Boston's roadways, parks, municipal buildings, and public safety apparatus.

The OCP has also made substantial improvements in the City's accounting and budgeting systems for capital items, in the loan order submission process, and has begun to develop forms and procedures for the monitoring of capital expenditures and of capital fund cash flow (both at the individual project and aggregate levels).

Additional important management areas which the OCP has targeted for improvement in FY86 and FY87 include the assessment of the operating budget impacts of capital projects and the design and implementation of a City-wide maintenance program to protect the City's planned \$632 million investment in capital facility renovation and construction.

Recommendations

The Committee recommends that:

- OCP Staff be expanded to include a Capital Fund Financial Manager and clerical assistant (the Office currently has no clerical staff);
- The OCP be formally consulted on all operating budget decisions that affect the capital plan, such as appropriations for maintenance and repair; and
- the OCP and the new Office of Budget and Program Evaluation explicitly assess the operating budget impact of proposed capital spending for consideration during the operating budget approval process.

COMMUNITY SCHOOLS

Assessment of Performance

The Boston Community Schools Program (BCSP) has clearly contributed to the development of programs tailored to the needs of local communities. Broad program areas within the BCSP include: education, recreation, senior services, child care, and social services. The content of actual programs varies across BCSP sites depending on local needs and interests. During 1985, adult education and child care services were areas that experienced expansion within the agency. The Committee perceives a need for the establishment of a stronger management system to track the allocation of resources to and among the decentralized program sites, and to improve program maintenance and enrollment tracking systems.

Recommendations

Based on its assessment, the Committee suggests the following:

- Develop uniform reporting system to promote better

overall fiscal control, and generate a financial data base useful for program planning and better information sharing regarding effective fund raising tactics and sources among community schools;

- Develop a performance monitoring system to provide for the routine reporting of program participation levels, funding, quality indicators, and other data necessary for performance measurement; and
- Establish staff support for the City-wide board of community schools.

CONTRACTING AND PURCHASING

Assessment of Performance

No department is responsible for monitoring all aspects of the City of Boston contract process and providing the Mayor the information he needs to determine if Boston's overall contracting system is open, competitive, efficient and effective. The Mayor needs timely, accurate information about all of the City's operation departments and agencies. Individual City operating units must be responsible for their actions and regularly report on their activities to describe in statistical form what they produced or how many units of service they delivered. However, no department in the City is solely, managerially responsible for the contracting function. As a result, the Mayor cannot always gain access to the information he needs to successfully evaluate the contracting system. The contracting system is governed by antiquated rules. The \$2,000 bid limit established in 1890, should be replaced. If CPI-inflated to the present, it would now amount to \$90,000. It was first decreed statutorily in the 1890's. Almost 100 years later it is grossly inadequate. Raising the limit to \$10,000 would reduce the number of contracts processed annually by 41% and would free valuable staff.

Recommendations: Contracting

Based on the above assessment, the Committee makes the following recommendations:

- Create a Contracts Office;
- Increase the bid limit to \$10,000;
- Increase departmental accountability and compliance; and
- Create a research and evaluation unit within the Contracts Office.

Assessment of Performance: Purchasing

Significant improvements have been made to the City's Purchasing Division in recent years. The current Purchasing Agent has embarked on a major effort to increase the professionalism of the Division and streamline the purchasing process. Some improvements, however, can still be suggested:

Recommendations: Purchasing

- The establishment of an automated Central Receiving operation in City Hall to centralize and document the receipt of materials by City Hall Departments would be an improvement over the current system;
- An increase in the use of bulk purchase contracts. Purchasing commodities in bulk achieves two goals. First, from a purely fiscal perspective, bulk purchasing allows the municipality to reduce unit costs. Second, when departments prepare estimates of commodity use over a twelve-month period, it helps in anticipating needs and in considering cost saving alternatives; and
- The development of documentation on the purchasing process; and
- Improved access for minority-owned and small businesses.

FIRE DEPARTMENT

Assessment of Performance

Over the last several years, senior management has successfully focused on rebuilding the department's firefighting manpower and equipment resources from the difficult aftermath caused, in part, by funding cutbacks during Proposition 2 1/2. This dedication to operational matters persists today and is reflected in the key philosophies of senior department management:

- Senior positions at Headquarters are overwhelmingly made up of long term career officers drawn from the ranks of uniformed firefighters. A vast store of expertise in firefighting techniques and firesite management exists among Headquarters officers.
- Management is committed to new firefighting technology and strong training programs. Careful monitoring, testing, and implementation of emerging innovations in firefighting equipment has attempted to offer reliable fire suppression, rescue, and prevention services to the City while minimizing the risks to firefighters.

- Headquarters management remain close to firefighting operations. Current policy calls for the Fire Commissioner and/or the department's Chief of Operations to report to and supervise the firesite at all fires going beyond a second alarm.

These "hands on" operating philosophies have produced many positive results within the department, including high morale, good labor-management relations, and pride in a reputation for high quality of firefighting services.

The department's labor force has grown from a low of 1,506 positions in 1982 to a planned average staffing level for 1986 of 1,743. Clearly, the department has made expansion and maintenance of personnel a top funding priority.

Having met and overcome the recent operational challenges, the department is now faced with bringing its administrative and support systems to the level of its fire suppression and prevention capabilities. It remains to be seen if the current Fire Department organization has the resources to make this important transition.

The majority of the City's 34 stations are reportedly in need of updating and repair. Of the six houses visited, four had obvious repair needs such as water damage, peeling paint and loose windows. As provided for in the five year capital plan, a program of both major and minor repairs is underway.

Recommendations

- The operationally-focused management of the department should be enhanced with one or more senior level positions responsible for administration and support systems. A strong organizational effort is needed in the administrative area in order to effectively manage the department's \$60 million operation;
- The department's management systems should be strengthened significantly, both in terms of the types of information accumulated and summarized, and the quality/reliability of the data;
- Activity and performance indicators should be routinely generated from independent, reliable sources using the systems discussed above, such indicators should include:
 - dispatch time (time of call to first deployment)
 - response time, by type
 - .. first unit's arrival
 - .. full complement arrival
 - fire severity measures

- .. number of multiple alarms (semi-available now)
- .. those involving/spreading to adjoining structures
- property damage measures
- citizen injury measures
- arson investigations, arrests, and proportion of structural and non-structural fires of incendiary origin
- equipment readiness/downtime measures.
- The City's Arson Commission should be located on Southampton Street and be accountable to the Fire Commissioner; and
- Significant new investment should be directed toward improving the systems and equipment in the Alarms Division to enhance:
 - dispatch capability
 - advance information available to the responding companies about the fire site
 - generation of personnel status/deployment, alarm response, and fire management statistics
 - detail statistics available for analysis of fire incidences.

HEALTH BENEFIT AND INSURANCE DIVISION

Assessment of Performance

The performance of this Division has been outstanding. During the last fiscal year the Division has made significant strides to contain costs. For example, the Division renegotiated the terms of payment under the self-insured contract and recovered a \$5.8 million claims deposit. The Division also terminated the City's relationship with two consulting companies where the City was not receiving value for its dollar. The terminations are estimated to save the City more than \$1 million in FY86.

The Division has also been successful administering benefit packages and implementing employee wellness programs, but unfortunately, since the creation of the self-funded program in July of 1980, the risk pool has been allowed to erode alarmingly.

Furthermore, the cost plus administrative charge basis on which Blue Cross is paid provides a disincentive for them to control costs because the higher the dollar value of claims the greater the administrative charge which Blue Cross receives from the City.

The Division has conducted an audit of participants by comparing payroll deduction information maintained by the City with enrollment files maintained by Blue Cross. The audit generated a large number of discrepancies and revealed that the information maintained by Blue Cross is inadequate to perform effective claims administration.

Recommendations

The Mayor's Management Review Committee recommends that the Health Benefit and Insurance Division implement the following actions:

- Evaluate all claims administration and create a table of allowable fees to exercise oversight on fees paid for medical services rendered;
- Create an automated computer-based data and records system;
- Lower the cost of the self-funded program to make that plan more competitive with the HMO plan; and
- Create a funded Employee Wellness Program.

INSPECTIONAL SERVICES

Assessment of Performance

The Committee's review of the Department confirms many of the observations of prior studies:

- Building Division: unacceptably long delays of permits;
- Housing Inspection Division: deficient enforcement of the State Sanitation Code;
- Adequate and well scheduled inspectional activity at the other divisions; and
- Lack of an efficient data management system in all divisions.

However, it is clear that the Commissioner and Mayor Flynn have begun to establish a new sense of direction and purpose in the Department. Even in the face of criminal investigations and public scrutiny, morale among most senior and middle management employees is improving. The Commissioner has placed or confirmed a number of young, dedicated professionals in middle management positions, particularly in the Health, Housing, Abandoned Buildings and Legal Enforcement units. The Commissioner has also begun a Departmental command reorganization, instituted weekly staff meetings, tightened reporting requirements and begun the process of defining goals and objectives.

Building Division. In the Committee's view, the principal deficiencies in the Building Division, as in the Housing Inspection Division discussed below, revolve around the management of information and the lack of employee accountability.

The Building Division manages over 8,000 building permits per year involving over 35,000 inspections and resulting in a massive volume of data. The Division, however, operates on an archaic manual system. The Division maintains over 90,000 files (or jackets) on each individual property in the City. The files have not been reproduced or microfilmed and are available to the public upon request. Accordingly, files are often lost or altered. (It is not surprising that the material recently subpoenaed by federal prosecutors from these files was found to be missing.)

Jacket information, as well as most inspection reports, are completed manually and are often illegible. While the permit application process has been partially computerized, only application, initial review and final approval or rejection are noted. Interim inspection reports are not recorded. Thus it is almost impossible to correlate or cross check information or to impose accountability standards on individual inspectors.

The Division has not established any clear system of accountability for inspectors. Inspectors report to the central office for only one and a half hours each morning and are not expected to return until the following day. No clear monitoring system has been instituted to ensure that inspectors are actually carrying out the inspections noted on their daily sheets. While the new Commissioner instituted a field inspection unit in August 1985, budget restraints forced him to abandon this effort in the early fall. The field inspection did indicate, however, significant discrepancies between actual inspection activity and Departmental records.

Housing Inspection Division. The problems observed in the Building Division resulting from deficient management information systems and the absence of accountability controls are even more prevalent in the Housing Inspection Division. These matters are further exacerbated by the separate physical location of this Division. What little computerization of existing files and work activity has been accomplished in the Building Division is almost totally lacking in the Housing Division.

Management is further of the view that the Division's 7 Principal and 9 Senior Inspectors render little discernable service to the Division. While they are charged with the training and supervision of the line inspectors, there is little evidence of any actual training being carried out. Middle management is also of the opinion that many line inspectors cooperate with the Principal and Senior Inspectors to cover their respective absenteeism. While management has rejected a quota system for inspection due to its effect on quality, there appears to be no institutional system to determine either the quality or quantity of inspectional activity.

Recommendations

- Maintain ISD as a consolidated entity as planned by the 1981 reorganization. In the Committee's view, the 1981 reorganization has not failed. Rather, it has not been given a chance to succeed because it has never really been implemented.
- Move the ISD units into one office complex. The Committee endorses the planned move of the Department's separate units into consolidated offices. While the chosen site at 1010 Massachusetts Avenue presents obvious difficulties for staff access and coordination of ISD activities with other City departments, no real improvement will be achieved within the Department until all units are located in the same facility.
- Install an efficient database system;
- Match organizational structures with work flow requirements; and
- Establish an employee accountability system.

JOBS AND COMMUNITY SERVICES

The Office of Jobs and Community Services was created in November of 1985 to replace the Neighborhood Development and Employment Agency (NDEA). The new director has taken significant steps to realize the goals of the Department; namely, to increase jobs and to provide training for Boston residents, to administer literacy programs and to implement more youth employment and school-to-work programs.

One example of the Department's achievements is the BostonWorks program. The BostonWorks program is a new venture designed to better utilize private sector resources in job development. A partnership created in November 1985 between the City of Boston and its business community, BostonWorks will expand job training and literacy efforts to more Boston residents through greater private sector involvement. The first year plan is to raise \$2 million equally between public and private sources to reach these goals.

Recommendations

The Committee did not think it appropriate to make recommendations at this time because the Department was reorganized only very recently. However, the Committee did compare Boston's job training and development network with those of eight other major U.S. cities: Atlanta, Chicago, Denver, Detroit, New York, Philadelphia, Pittsburgh and Seattle. It was found that, overall, Boston runs similar programs to the other cities and is leading the way in some areas.

Boston has developed a great deal of private sector involvement compared to the other cities, especially through the BostonWorks program. Boston attempts to serve the "working poor" with retraining and advanced training, whereas other cities reach out only to the economically disadvantaged population eligible for federal support. The city/state cooperation and joint planning found in Boston are absent in most of the cities surveyed.

MANAGEMENT INFORMATION SYSTEMS (MIS)

Assessment of Performance

Overall, the MIS Department has done an effective job of delivering electronic data processing services to the City of Boston. It has achieved its most important priorities. The Department has been able to start the process of consolidation of MIS resources, implement an effective and controlled introduction of office automation and personal computing, respond to users' needs for enhancements/new systems, and maintain existing systems. Also, hardware upgrades such as installing the new IBM 3380 disk drives and installing new air conditioning units have improved central data center mainframe computer performance.

The office automation and systems analysis functions are the most visible MIS achievements. MIS has implemented a controlled process for introducing and integrating office automation and personal computing throughout the City's operating departments.

Developing recommendations for improved Citywide MIS is an extension of the impressive accomplishments and achievements set in place by the Department's current management team.

Recommendations

- Establish a formal annual plan for MIS;
- Evaluate the selection and implementation of an advanced fourth-generation language and associated database management system;
- Adopt a systems development methodology for standardizing problem-solving approaches;
- Institute project time accounting and reporting procedures;
- Expand on-line storage capacity and availability and enhance data communications planning; and
- Implement effective data security to protect information and prevent unauthorized access to or alteration of data.

PARKS AND RECREATION

Assessment of Performance

Significant management deficiencies exist within the administrative structure of the Parks and Recreation Department. There is an overall lack of communication and coordination among Division Managers. A number of senior management staff have no clearly defined organizational responsibilities.

The Department has no formal planning capacity for either establishing future goals or allocating present resources. The Planning Division shown in the Department's table of organization does little actual, short-term or long-term planning.

The lack of other management skills compounds the Department's lack of organized planning capacity. Maintenance requirements, for example, were not seriously considered during the formulation of the recent capital plan. Although several departmental administrators acknowledge that, without proper maintenance, the capital plan will ultimately fail, no one in the Department has estimated the increased maintenance requirements which will result from the capital plan.

There has been no identification, compilation or retention of information necessary for effective management. The Department has no records concerning incidents of vandalism, citizens' complaints (except a recently established tree complaint log), park use, budgetary comparisons and historical capital expenditure comparisons. Personnel information is not up to date. The Committee found as much as a 20% variance between the number of maintenance laborers Department management said were currently working and what line supervisors told the Committee.

Recommendations

Based on this assessment, the Committee recommends that the Department should significantly and immediately improve its management practices:

- Specific duties and responsibilities must be established for all managers and administrative staff;
- Regular management meetings should be held and a Department planning capacity must be developed;
- Better management information must be developed and retained in all areas of the Department and more emphasis should be given to automating many of the Department's administrative functions; and

- Contractors should not be paid to perform work that could be performed by current Maintenance Division personnel, and an overall maintenance plan or schedule should be developed.

POLICE

Assessment of Performance

In March 1985, the Boston Police Department (BPD) created the Bureau of Neighborhood Services (BNS) to address "quality of life" issues such as crime prevention and intervention and civil rights violations. In terms of patrol force deployment, it appears the Department either is operating without an appropriate day-to-day deployment plan or that such a plan exists but is not written down. The Department has plans for a significant redeployment of the patrol force to be complemented by an ambitious neighborhood policing experiment to be undertaken in two areas of the City. In addition, the BPD has instituted a more effective radio dispatching system for all calls.

The level of the Department's activity in combatting drug trafficking has risen significantly, with a doubling in the number of arrests from 1984 to 1985.

Recommendations

To establish a mechanism that will furnish the administration and the public with accurate and useful information, the City should design a system which meets the following broad criteria:

- The goals, objectives and standards should be stated in clear terms; the procedures for measuring performance should be as simple and straight-forward as possible. A performance review system which is perceived internally as bureaucratic and complex will not be respected or used constructively;
- The system and the standards must be personally sponsored by the Commissioner and applied consistently, over time and among those being measured;
- The system should make good use of opinion and attitudinal research, aimed at monitoring public demands for and satisfaction with police services, as well as the benefits and perceptions of members of the Department;
- The specific performance objectives and standards for each activity to be evaluated should be developed with the full, active participation, not only of the manager(s) being measured, but also of the police officers and supervisors responsible for execution; and
- In addition, the BPD should improve supervisor training and internal communications, particularly in the 911 area.

PUBLIC WORKS

Assessment of Performance

The Department of Public Works relies on and responds to concerns about the quality of its services through a complaint tracking system managed through the Office of Neighborhood Services. The Department's performance records measure output and results, but provide few summary reports and little analysis of data. For example, the Department knows the volume (tons) and costs of rubbish collected, but not the reliability of its collections effort (e.g., loads left uncollected). Few objective measures of overall service quality are collected or analyzed.

Lacking detailed review data with which to judge performance, a general summary of perceived performance can be made. First, contracting of services in several areas appears to have resulted in higher quality, more reliable, somewhat more expensive services. In particular, this is true of the Sanitation Division's rubbish collection and disposal.

The servicing of litter baskets and the clean up at Haymarket, which remain in-house responsibilities, continue to cause problems because of a lack of effective service. The Engineering Division offers a consistent quality of services, significant components of which are personnel to improve performance. Construction efforts have expanded due to a regular schedule of capital borrowings. This area can be expected to grow as the City's infrastructure ages and the effects of the tremendous building boom of the last ten years force improvements.

Repair and maintenance systems are in need first of a program of improvements and then a more detailed performance review.

In the area of street cleaning, where the Committee focused its review, the City is in critical need of improvement. In most Boston neighborhoods, street cleaning is provided on a "curb available" basis without any posting, ticketing, or towing to assure access to the curb. Downtown and the squares are swept overnight on a daily basis when little street parking occurs.

Recent efforts of the Office of Neighborhood Services, in cooperation with Public Works, Traffic and Parking and Police Departments, represent a concerted effort to provide responsible service to the community. The "Clean City Campaign, Neighborhood Street Sweeping Program" was introduced by Mayor Flynn in the fall of 1985 and is designed to provide effective street sweeping services twice a month, in portions of six neighborhoods from August 1 to December 1.

Many components of a good system are in place but there is a long way to go toward a responsible street cleaning program for one of the greatest, most attractive, and most frequently visited cities in the United States.

Recommendations

The Committee focused its recommendations on improvements to the street cleaning operations of the Department of Public Works. In this area, the Committee recommends the following:

- City-wide cleaning service should be instituted on a regular basis with its frequency periodically adjusted based upon need. Daily sweeping downtown and in major commercial and tourist centers should be implemented. Weekly sweeping should be the norm in higher density, congested areas, and at least monthly sweeping in all other areas of the City;
- This City-wide cleaning effort requires strong cooperation from the public to reverse the public's long-standing disregard for the need to assist government efforts to maintain a clean city;
- Cooperative efforts by Public Works, Traffic and Parking, Police, and eventually Parks and Recreation to provide coordinated services and enforcement. Coordination, as presently provided by the Office of Neighborhood Services or by others, is essential;
- Departmental record keeping should be improved to keep track of the basic components of the street cleaning program -- area cleaned, mileage, scheduling, weight and volume collected, equipment maintenance, costs -- in a manner which provides periodic summaries and analysis of data; and
- Independent evaluation should be instituted by non-departmental personnel. Budgets should be limited and appropriate to the level of service planned. However, Boston deserves to have a reliable report card on progress and performance. The program should be designed not only to report, but to provide timely data to departmental managers who can adjust personnel, scheduling, and contracts to achieve better performance. Survey of current practice suggests institution of a Project Scorecard adjusted for Boston conditions and standards. It should measure independent contractors and in-house services alike, according to established standards.

SCHOOLS

Assessment of Performance

The budget framework for regular, bilingual and special needs education remains unclear because of inconsistent data on student needs and projected expenditures. It is difficult to determine which costs are attributable to which program.

Although 28 schools have been closed since 1981, current and projected figures for the Boston Public Schools indicate a substantial number of vacant seats exists and that facility utilization is projected to decline further with a projected decline in student population to 57,766. The school with the highest ratio of vacancies has an occupancy rate of 55%. Underutilization hurts the schools for both economic and programmatic reasons.

The system's utilization of teachers also raises questions concerning the allocation of School Department personnel. In FY84 and FY85, only 45% and 50%, respectively, of the positions budgeted for the Boston Public Schools were teacher positions. In FY85, the comparable figures in Cambridge and Newton were 57% and 56%. Moreover, Boston employs 760 central administrators and professional support staff, or 1 for every 217 students. This ratio is unusually high compared to that in other major cities.

Books, papers and instructional supplies are budgeted for students primarily by a fixed per capita allotment of \$48 to \$52 per year. The allotment is arbitrary and well below allotments in other Massachusetts cities. Adjusted for inflation, the allotment has been reduced 40% from what it was in 1978. In addition, because of current budgetary procedures, shipment of basic instructional supplies to school supply rooms has not occurred until well into the school year, producing shortages of basic paper supplies in the classroom.

Recommendations

- The Department should prepare separate budgets for regular, special, and bilingual education, and carefully explain the budget allocation process;
- The Department should close buildings in order to achieve efficiencies of both cost and program;
- The Department should re-examine present districts and assignment patterns. It may be possible to enhance racial integration and improve educational opportunity with fewer districts and more flexible assignments;
- Books and other instructional supplies should be budgeted according to concrete assumptions and the purchased supplies should be ordered and delivered on time; legal impediments to the timely delivery of books and supplies should be removed;

- The Department should monitor the entrance and exit statistics for special programs and document the results over time for program management improvements; and
- The Department should comprehensively study its administrative costs and give serious consideration to lowering its administrative burden before decisions about next year's programs are made.

TRAFFIC AND PARKING

Assessment of Performance

The Department of Traffic and Parking has improved and/or expanded a number of programs and activities, including parking revenue collections, the resident parking permit program, traffic enforcement and traffic signal and meter maintenance. In FY84, the Department generated \$23 million in revenue from parking tickets, while its meters generated \$6.5 million. The Department issued over 16,653 resident parking permits in 12 neighborhoods and is planning to add four additional neighborhoods to the program. The Selective Traffic Enforcement Program (STEP) has been instituted to combat routine violations of traffic regulations.

Signal maintenance has been improved, with 11,479 traffic signs replaced in FY85, a 33% increase over FY84. 8,700 parking meters were upgraded in response to concerns over meter tampering.

Despite these performance improvements, the Traffic & Parking Department remains unable to manage effectively the daily surface transportation needs of the City. The primary impediment to effective management remains the institutional fragmentation of transportation functions.

Jurisdiction over traffic management functions is distributed among several departments. Moving traffic and parking enforcement as well as assignment of traffic details fall under the jurisdiction of the Boston Police Department. Parking officers, under the jurisdiction of the Traffic and Parking Department, have no authority to immediately call for a tow truck.

Parking facility siting, control and management is fragmented throughout a number of departments including Traffic and Parking and the City's Real Property Board. At present, the Traffic and Parking Department has responsibility for regulating open air parking in compliance with the Federal parking freeze, but the Department has no control over access to and from proposed parking facilities and little impact on siting plans and operating procedures of parking facilities currently under the Real Property Board. Although the Traffic and Parking Department regulates signs and signals, the Boston Department of Public Works oversees much of the road work, including snow removal, new construction and maintenance of street lights. In addition, the BRA controls development issues that have a direct impact on surface transportation management.

In addition, the City's role in regional and state transportation issues has been less active since Boston relinquished its chair on the MBTA Advisory Board.

Recommendations

- Consolidate surface transportation management functions in a new Transportation Department;
- Transfer curbside traffic enforcement, towing and construction detail scheduling functions to the new Department;
- Enlarge the Department's role in parking structure siting decisions;
- Designate a manager for daily "street level" traffic problems;
- Seek to modify legislation imposing limits on parking fines; and
- Establish a Boston Transportation Planning Council to coordinate city and state transportation decisions affecting Boston.

TREASURY

Assessment of Performance

The Collector-Treasurer has substantially completed the automation of City cash flow, providing the City with accurate and timely information on its cash position and eliminating the need for time-consuming manual staff work to compile the cash flow figures.

The backlog of delinquent taxes has been addressed in a letter-writing campaign and through the withholding of vendor payments or other payments by the City to persons delinquent in the payment of their City taxes.

The processing of collections has been automated substantially, improving the accuracy and lowering the cost of processing payments.

The Treasury Department records investment income on a cash basis, making it difficult to compare Treasury's investment performance with any external measure or track investment earnings for compliance with new tax reform proposals.

The City's relationship with the financial community has improved through efforts such as the publication of the "City of Boston Financial Newsletter."

Recommendations

- Continue to reduce the backlog of delinquent taxes;
- Further improve the collection of current taxes through the institution of a telephone contact and notice campaign and the addition of an afternoon and evening collections shift to reach taxpayers not home during the day time;
- Raise the fees for late payment of taxes; and
- Develop an accrual system for tracking and reporting investment income.

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Laval Wilson

William Young

I. ASSESSING

ASSESSING

Employees: 173

Appropriations:	FY84	\$5,839,000
	FY85	7,072,000
	FY86	7,001,000

Mission: To determine the value of real and personal property for property tax purposes.

OVERVIEW

The Assessing Department is responsible for determining the value of real and personal property for property tax purposes. Indicators of the Department's workload are provided in Exhibits 1 and 2. The organization of the Department, which has 173 employees, is shown in Exhibit 3.

History of Assessment Practices in Boston

Boston has a long history of poor assessing practices. Before 1980, assessed values were rarely updated and abatements were not guided by a professional or objective process. As a result, assessment/sales ratios varied enormously from one neighborhood to another and from one class of property to another. In 1974, for example, the assessment/sales ratio was 14 percent in Charlestown and 44 percent in the Washington Park area of Roxbury. And the effective tax rate on residential property was 5.5 percent, whereas the rate on old commercial property was 10.6 percent.

The Massachusetts State Supreme Court ruled these practices to be illegal in its 1974 Sudbury decision. Nevertheless, Boston did not begin to move toward more equitable assessments until Proposition 2 1/2 tied the City's allowable property tax revenue to the actual market value of its property and the classification law of 1979 enabled the City to move to full valuation without greatly increasing the tax burden on residential taxpayers.

Thanks to the carrot of classification and the stick of Proposition 2 1/2, the City undertook an extensive revaluation effort for Fiscal Year 1983 (FY 83). Large investments were made in several state-of-the-art systems for mass appraisal. Unfortunately, however, this ambitious effort fell short, particularly for residential property, as the Office of Property Equalization and the Assessing Department were unable to coordinate their new tools in time for the 1983 revaluation. As a result, residential assessments were determined without the benefit of modern techniques.

The Massachusetts Department of Revenue must certify every revaluation by the City. Because of the difficulties with the 1983 revaluation, the City and the Revenue Department negotiated a memorandum of agreement to improve

EXHIBIT 1

REAL ESTATE VALUATION, BY CLASS, FY85
(Millions of Dollars)

<u>Class</u>	<u>Value</u>	<u>% of Total</u>
RESIDENTIAL		
Single-family	1,842	13.6
Two-family	1,259	9.3
Three-family	895	6.6
Four-family	437	3.2
Apartments	997	7.3
Residential-commercial	416	3.1
Commercial parking	8	0.1
Residential land	63	0.5
Condominium	<u>1,204</u>	<u>8.9</u>
Total residential	7,121	52.4 (1)
BUSINESS		
Commercial	5,099	37.5
Industrial	895	6.6
Commercial condominium	159	1.2
Commercial land	178	1.3
Commercial-residential	<u>139</u>	<u>1.0</u>
Total business	6,471	47.6
TOTAL REAL PROPERTY	<u>13,592</u>	<u>100.0</u>
ADDENDUM		
Personal Property	1,578	--

Source: City of Boston Assessing Department.

Note (1): Percentage Figures Do Not Add To Total Due to Rounding.

EXHIBIT 2

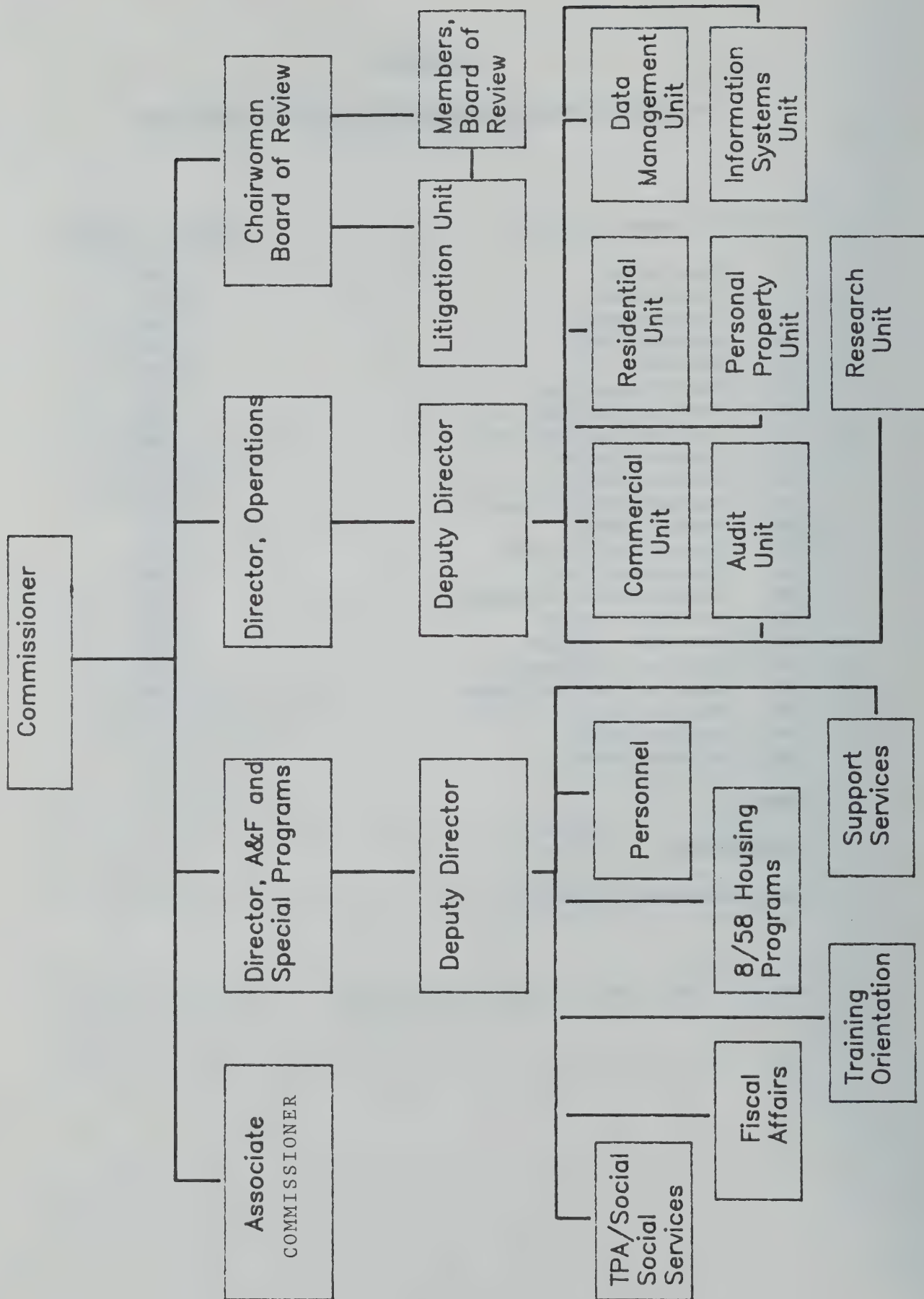
NUMBER OF REAL ESTATE PARCELS, BY WARD, FY85

	<u>Ward</u>	<u>Number of Parcels</u>
1.	East Boston	6,362
2.	Charlestown	2,775
3.	Boston Proper	5,994
4.	Back Bay, South	2,660
5.	Back Bay	8,456
6.	South Boston, North	4,440
7.	South Boston, South	3,726
8.	Roxbury, East and South	1,939
9.	Roxbury, Central	1,229
10.	Roxbury, West	2,076
11.	Roxbury South, Egleston Sq.	3,104
12.	Roxbury, East	2,255
13.	Dorchester, Savin Hill	2,923
14.	Dorchester, West	4,532
15.	Dorchester, North Central	3,048
16.	Dorchester, South	5,332
17.	Dorchester, Center	4,859
18.	Hyde Park, Mattapan	13,390
19.	Jamaica Plain, Roslindale	5,298
20.	West Roxbury, Roslindale	12,767
21.	Brighton, South	4,955
22.	Brighton, North	<u>6,175</u>
	TOTAL	108,295
	ADDENDUM	
	Items of Personal Property	9,448

Source: City of Boston Assessing Department.

EXHIBIT 3

ASSESSING DEPARTMENT



the quality of the 1986 revaluation. This agreement called for the recollection of the data for residential property, with extensive checks built into the data system, for the purchase and implementation by the City of a modern computer assisted mass appraisal (CAMA) system, and for an outside consultant to monitor the City's progress in achieving these objectives.

Thus, the task faced by the incoming Flynn Administration was to design, implement, and coordinate modern mass appraisal techniques. This task was outlined in the Transition Team report in 1984 and the necessary steps were clearly defined in a 1984 consultant's report (the Paine Report) by the new Commissioner of Assessing.

The steps outlined in the Paine Report have largely been accomplished. The City hired a consultant to recollect the residential property data. As described in Exhibit 4, this data collection process involved extensive data checks. In addition, the City purchased state-of-the-art CAMA software and entered the new residential data into the CAMA system. Hence, residential assessments have been determined with new data and modern mass appraisal techniques. Commercial property data have not been totally recollected but improvements in the data have been made and the methods for calculating commercial property assessments have been refined.

CRITICAL PERFORMANCE MEASURES

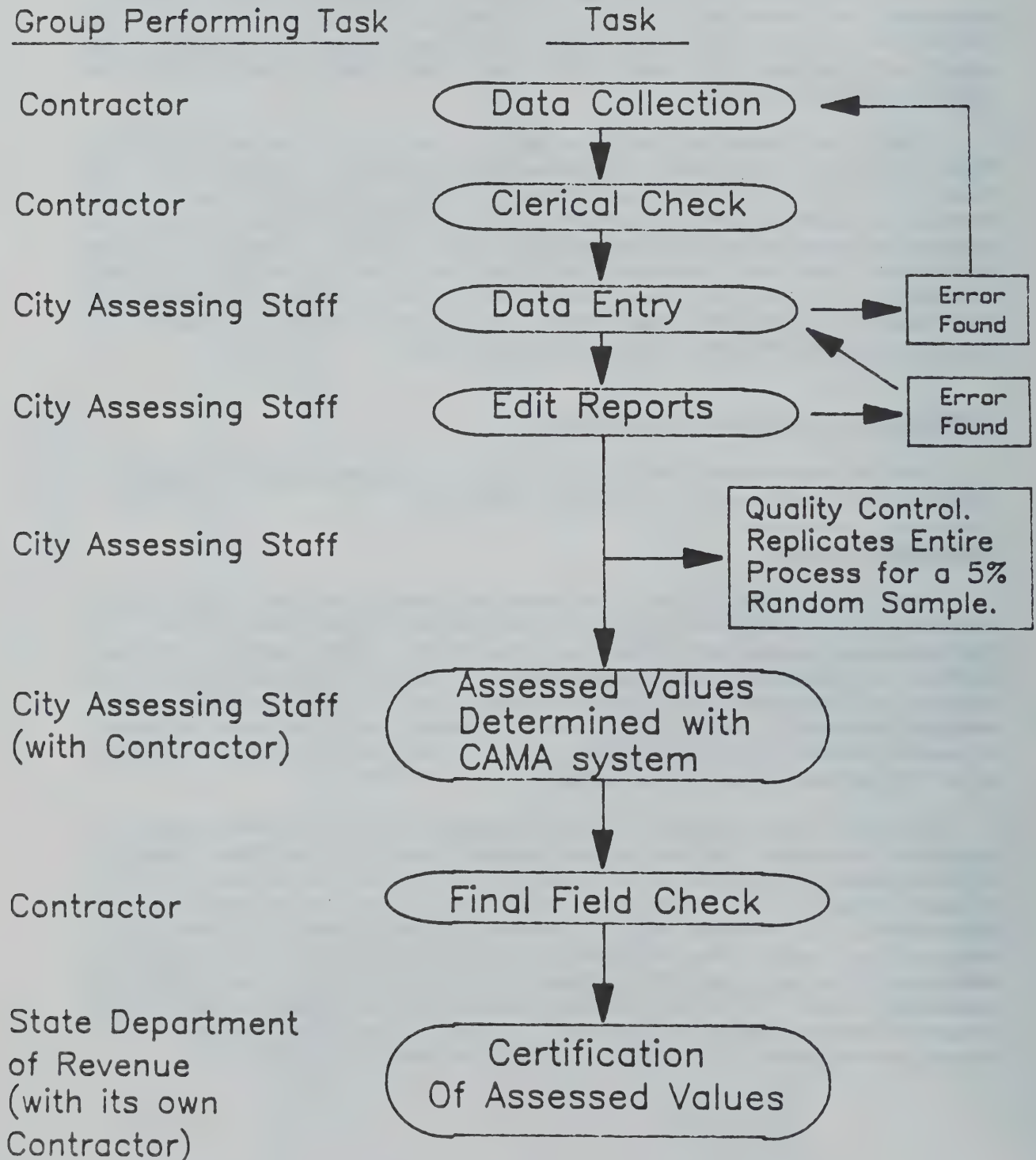
The key performance evaluation question for the Assessing Department is: How can one determine the accuracy of assessments?

Residential Property

In a large city like Boston, many houses sell every year. The CAMA system records data on every house sale and on the characteristics of every house. For the sample of houses that actually sold, the CAMA system employs statistical methods to determine how housing characteristics are related to sales price. For example, it determines the impact on sales price of another bedroom. This analysis indicates the value of each housing characteristic and therefore makes it possible to estimate the sales price of every house, whether or not it actually sold. This estimate of sales price is the house's assessed value.

One important by-product of this approach is an objective measure of assessment accuracy. The law requires assessed values to be as close as possible to sales prices. For the sample of houses that actually sold, therefore, the closer assessed values are to actual sales prices, the higher the accuracy of the assessments. The standard way to measure how close assessed values are to sales prices is called the coefficient of dispersion (COD). This coefficient indicates the average deviation between assessed values and sales prices, in percentage terms. A COD of 10, which means that the average assessed value deviates from sales price by 10 percent, is widely regarded as acceptable for a mass appraisal system. The Boston CAMA system calculates CODs.

FY1986 Residential Revaluation Data Collection, Entry, and Checking



Commercial Property

With commercial property, unlike residential property, relatively few parcels sell during a given year, and parcels that do sell often involve complicating factors that are not reflected in the sale price. If carefully interpreted, information from buildings that do sell can be used to help evaluate assessed values, but this information is too limited to provide a comprehensive check on the accuracy of commercial assessments.

With few sales to observe, the principal method used to assess commercial property is the income method. The assessor estimates the net income that the owner of a building obtains and then calculates how much someone would pay for a building that yields this flow of income. These calculations are complex. Although they are widely studied and widely practiced, there is no universal agreement on the right way to carry out every step of the calculations. And there is no objective, widely accepted way to check the answers one obtains.

In short, the accuracy of commercial assessments is inherently difficult to determine. In effect, one cannot check the assessments themselves. Instead, one can only check the assessment process to see that sensible procedures are consistently applied. As the International Association of Assessing Officers puts it in its management guide, "Evaluating Real Property Assessment Practice": "While one can gain an intuitive feel for the probable accuracy of assessments by evaluating assessment procedures, only assessment-ratio studies provide an objective picture of the net result of these techniques."

ASSESSMENT OF PERFORMANCE

Evaluation of the 1986 Revaluation

The 1986 revaluation effort by the Assessing Department represents an enormous improvement in the quality of assessments in Boston. This effort was expensive but was an excellent investment for the City. It has greatly enhanced the fairness and credibility of assessments and will save the City money by limiting the magnitude of future abatement claims.

Residential Property. The improvement was greatest where it was needed the most, namely in residential assessments. Approximately 70 percent of the homes in the City were visited and the data was extensively checked. The CAMA software has worked well and modern professional techniques are used to calculate assessed values. The measures of assessment quality appear to be within generally accepted limits for high quality mass appraisal, although final figures are not yet available. Taxpayers may express some concern about the new assessed values, because for the first time since Proposition 2 1/2 was passed, the average property tax bill will increase. However, if the City carefully explains its new assessing system and makes the new assessed values widely available, the Mayor's Management Review Committee believes the public will accept the new assessed values and appreciate the effort put into them.

Commercial Property. Assessment data and techniques for commercial property were satisfactory in 1983 and have not been extensively revised in 1986. A few troublesome features of the 1983 techniques were eliminated and one hard-to-assess category of property, namely hotels, was examined in a special study. In the fall of 1985, the Department of Revenue monitor raised some concerns with the data for commercial assessments, but these issues were not fundamental and the City and State worked out a method for improving the data without complete recollection. The quality of the commercial data appears adequate and, when combined with the Assessing Department's improved assessment techniques, will yield results of professional quality.

Overall, the Assessing Department should be congratulated for bringing Boston's assessment procedures into the modern era. As the Department recognizes, there is still room for improvement, but the 1986 revaluation will yield high-quality assessments and will provide a solid foundation for future advances.

Looking Ahead: The 1989 Revaluation

For the 1989 revaluation, the Assessing Department would like to (1) upgrade its data and software for commercial revaluation, (2) purchase CAMA software for assessing personal property, (3) integrate the components of its CAMA system, and (4) implement a system of digitized mapping. According to the Assessing Department, these steps would cost about \$2.2 million. The MMRC believes that these purchases would be very cost-effective. As noted above, commercial data and assessment techniques meet professional standards but could be improved. Furthermore, the current commercial software is slow and inefficient. Comprehensive, modern assessing techniques are not currently employed for personal property, which makes up about 10 percent of the property tax base. The Department's current mapping system, which is essential for accurate parcel identification, dates back to the 1920's.

The Assessing Department's computer is already strained by existing CAMA software; new CAMA systems would make it far too slow and inefficient. Therefore, the Department would also like to purchase a new computer for about \$1 million. The Committee believes that this purchase would be very cost-effective.

INSURING ACCURATE ASSESSMENTS

The determination of assessments is a long, complex process for both residential and commercial property. Careful procedures are therefore essential to the accuracy of the outcome. Furthermore, one cannot check commercial assessments against sale prices, so the only way to measure the quality of commercial assessments is to measure the quality of the assessing procedures. Ensuring accurate assessments requires many steps, most of which have already been undertaken by the Boston Assessing Department.

- An assessing department should have professional training. Professional appraisers are trained in modern mass appraisal techniques and follow a professional code of ethics. The City has hired several people with such professional training and should formalize this requirement for future hiring for several positions, such as the Director of Operations.
- Employees who carry out assessments must avoid conflicts of interest. Until fairly recently, assessors in the City Assessing Department also carried out private appraisals in Boston on their own time. This dramatic conflict of interest is no longer allowed.
- Professional data collection techniques should be used. As noted earlier, the City recollected most of the residential property information for the 1986 revaluation. This data collection was done carefully, with several checks along the way, and was well integrated into the CAMA system. The commercial data appears to be acceptable, but its quality would be improved by carrying out the City's proposed recollection for the 1989 revaluation.
- Professional mass appraisal techniques should be used. As explained earlier, the current CAMA system uses up-to-date methods to determine residential assessments. The commercial assessment techniques have also been updated since 1983, although the City's proposed new CAMA software could lead to further improvements.
- Assessed values and information on assessing procedures should be made as accessible to the public as possible. As the International Association of Assessing Officers puts it: "The assessor can only help his own cause by conducting an open operation explaining the assessment process as necessary, and responding promptly to inquiries and complaints. The more the assessor can convince the community that he is performing his responsibilities effectively and efficiently, the more likely he is to win their cooperation in return. Property owners are entitled to a full explanation of their assessments simply by virtue of their role as taxpayers."

Massachusetts law requires a period of review before initial assessments become final. During this period, all assessed values are public information, so each taxpayer can compare her assessment to the assessments of other taxpayers with similar properties and can request an adjustment in her assessment. (A taxpayer can also request an abatement after her final assessment is announced.) The Assessing Department appears to be well prepared for this process for its 1986 assessments. The Department's experience with this process

in 1986 should be carefully evaluated to determine whether further steps to make information accessible or to explain assessment procedures need to be taken in conjunction with the 1989 revaluation.

- To the extent possible, assessed values should be compared with actual sales prices. For residential property, these calculations, including CODs, are automatically provided by the CAMA system and provide a clear objective check on the quality of the assessments. For commercial property, these calculations are helpful but, for reasons stated earlier, cannot provide a complete check on assessment quality.
- Finally, an assessing department should ensure that there exists an objective check of its commercial assessed values and assessment procedures. The Committee recommends that the Assessing Department hire an outside firm to check the procedures and assessed values for a 1% random sample of the commercial assessments. The outside firm should perform its check after assessed values have been calculated but before they have been announced. This timing would allow for a constructive discussion of the City's procedures and for the implementation of any improvements that emerge from this discussion.

In Massachusetts, the Department of Revenue reviews the work of every assessing department before it certifies each revaluation. The City can bolster the credibility of its assessing system by taking responsibility for an objective evaluation of its assessment. An in-depth look at a 1% sample would complement the Department of Revenue's certification review.

- The Assessing Department should build up a strong research department. In Boston, the research department was, appropriately, not the top priority during the current revaluation. But in the long run the City needs a good research department to keep up with developments in assessing practice, to learn to make the best use of available techniques, to strengthen the technical capacity of the Department, and to provide needed information to other city departments.

EVALUATING PERSONNEL MANAGEMENT

The accuracy of assessments in Boston obviously depends on the quality of the managers and technical staff in the Assessing Department. During the last two years, the Department has made major improvements in its personnel management, and according to the interviews conducted by the Committee, the Assessing Department is now widely perceived to be staffed by competent professionals. This perception has led to increased confidence in the accuracy of assessments in Boston, even though the actual product, namely the 1986

reevaluation, has not yet been delivered. Nevertheless, the Department still faces several serious obstacles to the attraction and retention of high-quality personnel. Four issues appear to be particularly important: the role of consultants, attracting good middle managers, attracting good technical staff, and employee training.

The Role of Consultants. The Assessing Department employed consultants for several jobs in the 1986 reevaluation and will undoubtedly continue to use consultants in the future. Hiring consultants can be a cost-effective way to carry out some jobs, but the City must continue to be careful not to use consultants for tasks that require long term staff expertise.

Attracting and Retaining Middle Managers. A complex organization like the Assessing Department cannot be run effectively without skilled middle managers who have a long term commitment to the City. The crucial role of middle managers is illustrated by the Department's personnel chart, Exhibit 3. Skilled middle managers cannot be attracted or retained without reasonable pay scales that are closer to those in the private sector and personnel policies that support and encourage professional development. Middle managers have received only one raise of 4.5 percent over the last three years, whereas line staff have received raises totalling 8 percent, and a \$450 bonus.

Attracting and Retaining Technical Staff. Assessment quality and credibility also depend on the quality of the Department's technical staff, such as assessors and data processors. Consequently, the Department must also implement policies to attract and retain high-quality technical staff. There are many employment opportunities for data processors in the Boston area. Qualified data processors therefore, cannot be retained by the Assessing Department unless they are paid wages commensurate with the wages of data processors in the private sector. Assessors may be willing to work for the City to gain experience but often do not stay with the City because they can earn considerably more in the private sector. To retain assessors, the Department must provide training and opportunities for professional advancement.

Employee Training. Training can play an important role in improving the professional skills and supporting the professional development of the Assessing Department's employees. The training possibilities in the Department have been improved by the new Employee Seminar Program, which offers a variety of seminars for employees. Although general-interest seminars, such as time management, may be valuable, the Committee believes that the most cost-effective seminars in this program deal with assessing practices and management skills. In designing its seminars, the Department could draw upon the assistance of the International Association of Assessing Officers.

The Committee also supports the Department's tuition reimbursement program. This program could be strengthened by a sharper focus on continuing education in assessing skills, computers, and real estate.

EVALUATING THE ABATEMENT PROCESS

The abatement process is both a product itself and a crucial element in maintaining the credibility of assessments. Several issues are particularly important.

The Number and Size of Abatements. Abatement activity is a partial measure of assessment quality. Better assessing means fewer, smaller abatements. There may be a substantial number of abatement applications filed in 1986 because, for the first time since Proposition 2 1/2, the average tax bill will be higher than the year before. It should also be noted that there was a backlog of about 17,000 open abatement cases in February 1984 and, to the Department's credit, that backlog has now been cleared up.

The Abatement Process. Any taxpayer can request an abatement, which is, in effect, a reduction in that taxpayer's assessment. The steps for requesting an abatement are set by state law, but the management of these steps is determined by the City. The Department has a new CATS (computer assisted tracking system) to keep both the Department and taxpayers informed about the status of abatement applications. This system appears to be a valuable management tool for promoting timely processing of abatement applications and to prepare the Department for the abatement applications that will follow the 1986 revaluation.

Abatement Programs. Several programs allow the City to abate back taxes when it is in the public interest to do so. These programs include the 8/58 Program, the Retap Program, and the Abandoned Housing Reclamation Program. The new law for abating back taxes on 1- to 6-family houses, which unlike previous programs does not require approval from the State Department of Revenue, should be utilized. However, it does not appear to have been widely used up to now. A good first step has been the transfer of the responsibility for this program from Special Programs to the Board of Review. To measure the effectiveness of these programs, the City should keep track of the number of parcels involved in each.

EVALUATING INFORMATION LINKS WITH OTHER AGENCIES

Finally, a variety of information links with other agencies are important, both for obtaining the data required for assessing and for effectively employing assessing data that are valuable to other departments. The flow of information between Assessing and other departments is also an important element in the credibility of the assessing process.

Links Between Assessing and a Central MIS Computer. The Committee believes that it would be a mistake to shift the computer operations of the Assessing Department onto a central MIS computer. The computer needs of assessing are intensive and unique. On the other hand, it might be useful to improve linkages between the Assessing computer and the MIS computer.

Information on Back Taxes. At present, property tax bills do not indicate whether previous taxes are unpaid. This omission costs the City money and causes taxpayers needless confusion. The Committee endorses the efforts of the Collector-Treasurer to have the State allow the City to include information on back taxes on current tax bills. According to the Collector-Treasurer, "This would be a major improvement over the current practice of printing the message 'tax lien' with no amount on bills for properties in tax title. . . Few taxpayers understand this current terminology."

Legal Occupancy. There is no reason for the Assessor to be responsible for determining the legal occupancy of a building. Through some accident of history, however, the Assessing Department is currently expected to carry out this determination. Consequently, requests concerning legal occupancy, which often originate in Inspectional Services, may be passed among several departments. This arrangement is inefficient.

Link with Treasurer on Abatement Payments. There appears to be a long lag between the granting of an abatement and the abatement payment to the taxpayer. The Assessing Department should develop a clearly defined process for the flow of information on abatements to the Collector-Treasurer's Office and for the timely payment of abatement checks.

Link with Suffolk Registry of Deeds. Information about property sales from the Suffolk County Registry of Deeds is needed to verify assessed values. The City has spent \$60,000 to obtain this information from an independent service, which records transactions at the Registry. This policy simplifies administration and places a permanent record of sales in the Assessing files, and should be continued.

RECOMMENDATIONS

The Committee's principal recommendations with regard to the Assessing Department are:

- The Assessing Department should be supported in its plans to upgrade data and computer software for commercial assessments, to implement a digitized mapping system, and to purchase a new computer. These steps are all cost-effective ways to improve assessment quality.
- The City should develop a comprehensive policy to insure and to evaluate assessment accuracy. This policy should include making information about assessments and assessing procedures as accessible to the public as possible; a report comparing assessments and sales prices for residential property; and a report by an outside firm on assessment accuracy for a 1% random sample of commercial properties;

- The City should increase the pay of its middle managers to a more competitive level and should continue to improve its personnel management with programs such as the Assessing Department's proposed Management Performance Evaluation Program.
- The assessing function depends on high-quality technical staff. The City should pay competitive wages to this staff and should continue to develop training opportunities for them with programs such as Assessing's Employee Seminar Program.
- The City should continue to be careful not to use consultants for tasks requiring staff expertise. Consultants are well suited for the most technical parts of revaluation (such as formulating the multiple regression analysis for residential property) and for major one-time data collection efforts (such as the recollection of residential data for 1986). Indeed, hiring a consultant for these jobs may be cost-effective because it avoids the costs of staff training and does not require large increases in the Department's staff during revaluation years. Even for highly technical tasks and major data collection efforts, however, consultants' work should be done in close cooperation with Department staff. This cooperation enhances the assessing skills of the staff, allows the Department to make better use of the consultant's skills, and provides a check on the quality of the consultant's work.
- Responsibility for determining the legal occupancy of a building should be removed from the Department. The most natural solution would be to place the records on the central MIS computer and allow Inspectional Services to determine legal occupancy without relying on Assessing. These changes would greatly improve the entire building-permit process, as well as other City functions that rely on legal occupancy information.

II. AUDITING

AUDITING

Employees: 43

Appropriations:	FY84	\$	945,000
	FY85		976,000
	FY86		1,080,000

Mission: The Auditing Department's objectives include (1) the timely and accurate review and maintenance of fiscal records of the City of Boston and Suffolk County, (2) processing of all City and County payroll accounts and vendor invoices, (3) management of all receipts and disbursements of grants awarded the City's agencies, and (4) management of the annual external audit of the City.

OVERVIEW

The Auditing Department, headed by the City Auditor, has four broad areas of responsibility: controller functions (accounting and fiscal records maintenance), accounts payable and payroll processing, financial management of grant receipts and disbursements, and management of the annual external audit of the City. The City Auditor also serves as an ex officio member of the Boston Retirement Board, the Administrative Services Board and as the Auditor of Suffolk County. As of February 1986, the City Auditor's staff consisted of 43 full-time employees, deployed as shown on the accompanying organizational chart.

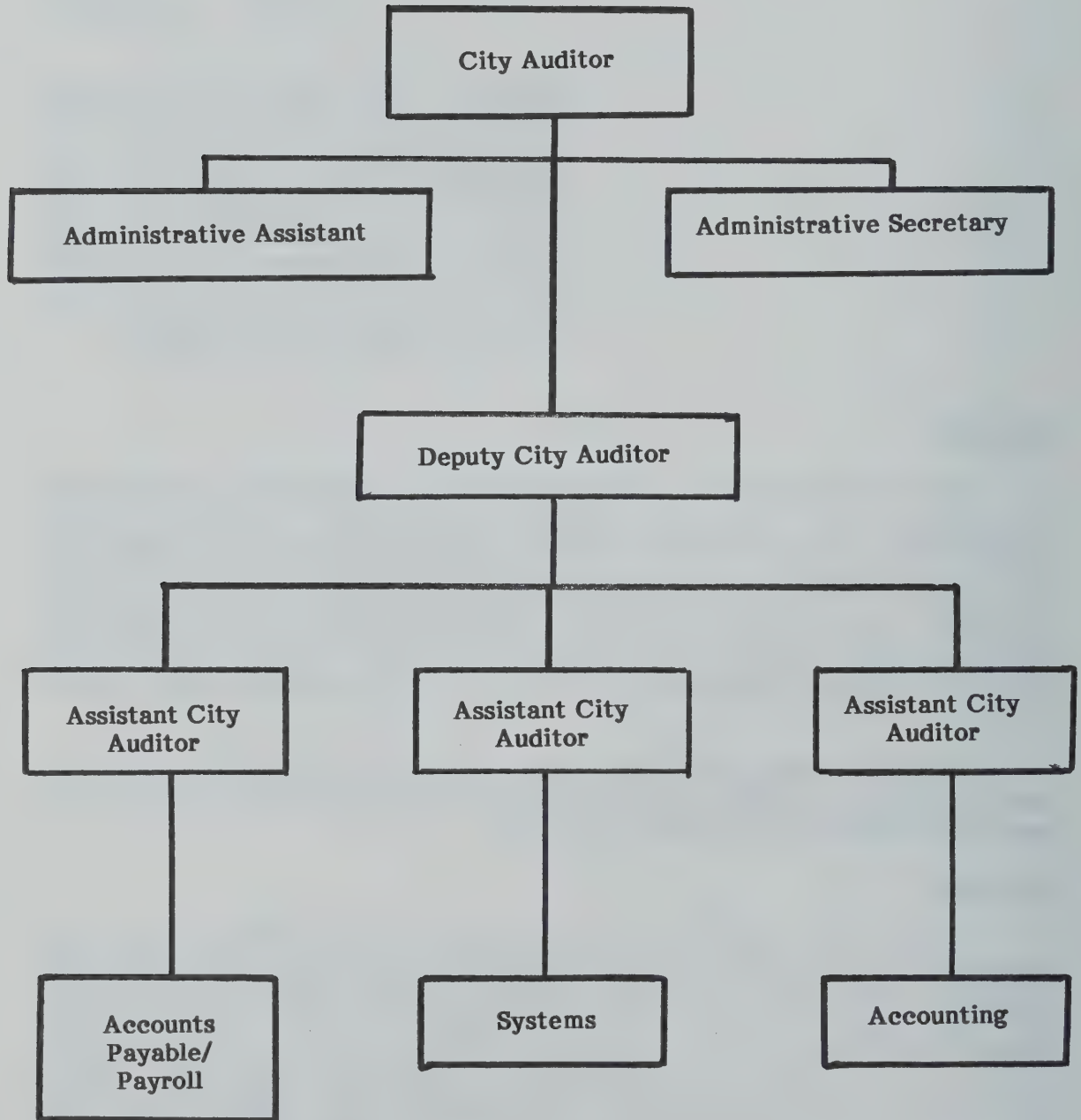
The Mayor's Management Review Committee limited its review of the City Auditor's office to the first three functions. The Committee did not review the grants administration functions of the office.

Controller

As the City's controller, the City Auditing Department serves as the accounting and fiscal records manager for the City. The office is responsible for generating timely and accurate internal management reports for use by other City fiscal agencies, such as the Administrative Services Department, the Budget Office, the Collector-Treasurer and the Assessor. In addition, the City Auditor's staff manages the reconciliation of the many, unintegrated ledgers maintained within the City's present accounting system. These free-standing ledgers include accounts payable, payroll, expenditure, appropriation and encumbrance and the general ledgers. Only the auditor maintains a general ledger reflecting the most complete available statement of the City's financial activity and position.

EXHIBIT 1

AUDITING DEPARTMENT



Accounts Payable

The City Auditor also approves the payment of all vendor invoices for the costs of services rendered to all City and Suffolk County agencies. The office's authority in this area encompasses all City agencies. As of January 1986, the Auditing Department had 12 full-time employees dedicated to the accounts payable function. In January 1986, these employees entered more than 7,880 vendor invoices into the Auditing Department Accounts Payable system. This figure represents an average of 657 invoices handled per month per employee.

Payroll

The office also manages the processing for payment of payrolls for all City agencies. The office has 6 employees performing this function. Currently, the City Auditor's role in payroll processing, which also involves the line Departments and the Collector- Treasurer, includes a review of the financial accuracy of the weekly City payroll in comparison with the payroll information submitted to the Auditing Department by City agencies. The Auditor also compares agency personnel spending to the statutory quarterly personnel spending allotments established by the 1982 Funding Loan Act, and generates the Monthly Adjustment to Compensation ("MAC") payrolls which reflect payments to employees for overtime and other adjustments to the previous month's weekly payroll expenditures. Due to staff limitations, the Auditing Department does not conduct its own review to determine the accuracy of the agency payroll submissions.

The 1982 Funding Loan Act required the City to implement an expenditure allotment system to assist City officials in preventing departmental overspending, a problem which has caused significant financial difficulties for the City in the past. Under the Act, each City department and agency, except for the School Department, must submit quarterly allotments which may not exceed in either the first or second quarter 30% of the total appropriations for all personnel categories in that fiscal year and may not be less than 21% of such appropriations in either the third or fourth quarter. Similarly, with respect to the School Department, not more than 20% of school personnel expenditures may be allotted by the School Department in the first quarter and not more than 30% in any of the remaining quarters. Whenever the City Auditor determines that a department will exhaust or has exhausted its quarterly allotment as well as any amounts allotted but unexpended in prior quarters, he must notify the Mayor who must within seven days either waive or enforce the allotment. If the allotment for such quarter is enforced, the Department head must terminate all personnel expenditures for the remainder of the quarter. Approval of a payroll for payment of wages, salaries or other personnel expenses which would result in personnel expenditures in excess of an allotment is a violation of law subject to criminal sanctions.

In Fiscal Year 1985 (FY85) the City implemented modifications to the allotment system to make it more restrictive than required by the 1982 Funding Loan Act with a view to further improving budgetary control. The new allotment system, established by executive action, applies to all departments except the School Department and three other small departments. It provides

that each department's allotments for personnel expenditures may not exceed 96% of such department's budget in the aggregate. The system is designed to produce 4% reserves in personnel accounts at fiscal year end.

External Audit

Another primary responsibility of the City Auditor is the management of the annual audit of the City's financial activity and position by an independent accounting firm. The office's primary responsibilities in this area include hiring the independent accounting firm, overseeing the timeliness of the accounting firm's work, and coordinating the completion and issuance of the City's annual audited financial statements.

The external audit process overseen by the City Auditor is conducted in accordance with generally accepted standards and is in conformance with state law requiring an independent annual audit of the City. Since 1978, the City has engaged independent certified public accountants to examine and report on its financial statements. The 1982 Funding Loan Act established a statutory mandate for an annual audit of the accounts of the City by independent certified public accountants and provided for an Audit Committee to monitor the audit progress and review the independent auditors' and the committee's own recommendations with the Mayor and the City Council. The Audit Committee was appointed in fiscal 1984. The Bond Procedure Act of 1983 requires the inclusion in the City's annual tax levy of an amount sufficient to pay for the annual independent audit.

The annual external audit should be conducted on a "City-wide" basis which encompasses all agencies within the "governmental entity" of the City of Boston. The City has adopted National Council of Governmental Accounting ("NCGA") Statement 3, entitled "Defining the Governmental Entity." NCGA Statement 3 requires inclusion of other component units' financial statements in the City's combined financial statements. The City's combined financial statements for FY84 present the financial position of the City of Boston, including the School Committee, the County of Suffolk, the Department of Health and Hospitals, the State-Boston and Boston Retirement Systems, the Trustees of the Health and Hospitals of the City of Boston, Inc., certain Trust and Agency Funds, and the Boston Redevelopment Authority. However, the financial statements of the Economic Development and Industrial Corporation of Boston and the Boston Industrial Development Financing Authority have not been included because their financial statements were not available at the time.

In 1983, the City considered the Boston Water and Sewer Commission, the Boston Housing Authority and the Boston Foundation, Inc. to be component units of the City for financial reporting purposes. However, during 1984 additional guidance regarding implementation of Statement 3 was issued by the NCGA. Based upon this subsequent authoritative guidance, the City has determined that these component units are not includable due to a lack of sufficient City control over the respective fiscal matters of each of these entities.

CRITICAL PERFORMANCE MEASURES

In assessing the management performance of the Auditing Department in the substantive areas reviewed by the Mayor's Management Review Committee, the following performance measures are among the relevant indicators:

Controller Functions

- maintenance of explicit procedures for the accounting of transactions; and
- production of accurate, complete and timely of interim financial management reports.

Accounts Payable

- total number of invoices processed and number of invoices processed per employee;
- lag time between receipt of invoice by city agency and receipt of payment by vendor; and
- accuracy of invoices processed (e.g. number of overpayments, underpayments, duplicate payments).

Payroll

- timeliness of weekly payroll;
- accuracy of weekly payroll (e.g. number of overpayments, underpayments, duplicate payments); and
- track record of enforcing quarterly personnel expenditure allotment system (number of agencies exceeding allotments and amounts of excess spending).

External Audit

- timeliness, quality, clarity, and comprehensiveness of annual financial statements and management letters.

ASSESSMENT OF PERFORMANCE

Based on a review of the Auditing Department's performance with reference to the measures outlined above, the Committee believes the City Auditor's office functions efficiently in each area reviewed. Where performance appears to be inadequate, as discussed later in this chapter, the primary reason for the inadequacy is lack of sufficient experienced staff or systems capability to meet the City Auditor's performance objectives.

Controller Functions

Maintenance of Explicit Procedures. Presently, the Auditors' office does not have an overall written procedural manual that details the various functions of the office. When long-term employees leave the Department, valuable information is lost, and new employees have a difficult time determining the proper procedures for handling the Department's complex transactions. It would serve the City well if a procedural manual was written covering all functions, and the appropriate sections were given to new employees.

Interim Financial Management Reports. The Auditing Department produces interim financial management reports for use by the City Auditor and other financial officials, including the Administrative Services Director, the Budget Director, and the Collector-Treasurer. These reports include appropriations, current month expenditures, year-to-date expenditures, unexpended balances, unliquidated encumbered balances and unencumbered balances for all City funds and accounts.

In terms of their accuracy and completeness, the monthly management reports lack much of the basic budgetary information which would be of use to the City's financial decisionmakers. For example, the report does not provide a comparison between the actual monthly or quarterly expenses and budgeted monthly or quarterly spending. Without this spending variance information, a user of the report can make only gross judgments as to whether an agency's spending rate is at, below, or in excess of budgeted spending levels.

Other shortcomings of the City's current financial management reporting system result from the complexity of the City's multiple ledger accounting system. To maintain an accurate general ledger, Auditing Department personnel must manually reconcile the accounts payable ledger, payroll ledger, expenditure ledger, and appropriation/encumbrance ledger, which run independently of one another and have different cut-off dates. This time-consuming reconciliation absorbs significant Auditing Department staff time and increases the difficulty of generating annual financial statements on a timely basis. The need for manual reconciliation also creates problems in the accuracy of monthly management report summaries of actual expenditures and encumbrances.

To address these and other accounting system shortcomings, the City Auditor working in conjunction with the Director of MIS, the Collector-Treasurer and the Budget Director, has contracted with American Management Systems, Incorporated (AMS) to install a version of the Local Government Financial System in the City of Boston. This system is used by many major cities and towns across the country and, when implemented, should greatly improve the accuracy of the City's internal and external financial reporting.

In implementing the Local Government Financial System, AMS will seek to integrate the requirements of all City financial officers and agencies, including the City Auditor, Collector-Treasurer, Budget Director, Health and Hospitals, School Department and other city agencies. These requirements include reporting needs and accounting flow information for contracts, purchasing, treasury and collections, investment, payroll, grants receipts and disbursements,

capital projects, labor cost allocation and data collection.

The AMS contract, executed in January 1986, provides for the installation and use of the following software components and related materials:

- Local Government Financial System (LGFS)
- LGFS Advanced Budget Preparation Option
- LGFS Cost Allocation Option
- LGFS Investment Management Option
- LGFS PC Interface Option
- LGFS Report Distribution Option
- LGFS Inquirer
- Local Government Payroll System

The new system will enable the City's financial managers to review, on an integrated basis, the major indicators of the City's financial performance, including budgetary data, investment performance and payroll information. The system's cost allocation and payroll reporting features should assist City managers in correcting the deficiencies in the current payroll reporting system discussed later in this chapter. Importantly, the system is supported by detailed procedural manuals and user guides and training which, given the absence of a City accounting procedures manual, will provide Auditing Department staff with detailed, written guidance for the system's proper operation. Importantly, the City has elected to design the system so that it interfaces with existing School Department accounts payable systems.

The Committee supports the City's efforts to implement an integrated financial accounting and reporting system, but believes that additional qualified and trained accounting staff will be required for the AMS project to attain its objectives. Institution of a new integrated accounting system will not produce material improvements in the City's financial reporting practices unless the system is operated and maintained by qualified data processing and accounting professionals. Staffing and hiring issues in MIS and the Budget Office are addressed in other chapters of this report. Like these other offices, the City Auditor's office has had difficulty attracting and retaining qualified accountants. The relatively low salary of existing positions and the City of Boston residency requirement appear to be the major causes of this problem. As of February 1986, the average annualized salary of employees in Auditing Department accounting professional positions was \$18,528. This figure includes professional accountants only, not accounting clerks or other clerical support staff. As of the same period, employees holding Accounting Clerk positions were compensated at an average annualized salary rate of \$13,967. To avoid difficulties in implementing and operating the new financial system, for which the City has contracted to pay up to \$550,000, the Mayor's Management Review Committee believes the Auditing Department accounting staff should be increased, as outlined in the recommendation section presented later in this Chapter.

Accounts Payable

Number of Invoices Processed. The Auditing Department Accounts Payable Division maintains records of the total number of vendor invoices processed

for payment and of the number of invoices processed per day per employee. The City Auditor receives summary statistics of this activity in the Daily Invoice Activity Report. This report indicates the number and dollar value of invoices entered into the Accounts Payable System by each Auditing Department system operator, and the number and dollar value of invoices examined and edited by Department auditing staff. The report also indicates the dollar balances of invoices in the system at the beginning of each day, the flows into and out of the system (number of invoices and dollar value) processed that day, and the ending balance in the system.

The Daily Invoice Activity Report provides the Auditor with the summary information on invoices processed necessary to monitor the productivity of his accounts payable staff. The system balances shown on the report provide the Auditor with a measure of the backlog in the accounts payable system. Over time, by monitoring the daily employee productivity information and the balance totals, the office evaluates each employee's performance as well as the group's overall performance in maintaining the accounts payable system. In practice, each staff member is assigned a quota of invoices to process, and both individual and group performance is reviewed daily. A comparison of inflows and outflows from the system indicates that the proper number of staff are assigned to this function and that the invoice processing system within the City Auditor's control functions relatively smoothly.

Lag Time In Invoice Processing. Despite the apparent efficiency of the Auditing Department's accounts payable processing operation, there is a general perception in the vendor community that payments by the City of Boston could be made on a more timely basis. The Committee's review of the timeliness of payments confirms this perception and reveals several potential mechanisms for improving the timeliness of vendor payments. It should be noted that timeliness of payments is an important measure of the openness and competitiveness of the City's contracting and purchasing systems. Small businesses and young minority firms often lack the cash flow or financing capability to withstand extended delays in payment by the City. Late payment of invoices also can be costly for the City. Some vendors charge interest penalties for late payment. Others offer discounts for timely payment.

Overall, the timeliness of vendor payments is measured by the time elapsed between the date the invoice is submitted to the Department for which work was performed and the date the vendor receives a check from the Collector-Treasurer. As the accompanying flow chart illustrates, there are several interim steps in this payment process which involve the Auditing Department. The first step (after work is performed) is the vendor's submission of an invoice to the Department for which it performed services. Each invoice submitted must identify the vendor and must be dated (the invoice date). In the second step, the Department reviews the invoice to confirm that work was performed and then forwards the invoice to the City Auditor. Third, the Auditor's accounts payable data entry staff assigns a sequential number to the document and enters the invoice date, amount and vendor identification information on the accounts payable system. For control purposes, a separate staff member then "edits" the invoice for completeness and a third employee examines the invoice and underlying documentation for its appropriateness and sufficiency. Fourth, the

auditing staff assigns a voucher number and a warrant, which authorizes payment and is approved by the Auditor and the Mayor, is processed and forwarded to the Collector-Treasurer's office. The Collector-Treasurer processes the warrant and mails a check to the vendor. The vendor then cashes the check. Under the current system of measurement, the City Auditor records invoice dates, the dates on which invoices are entered on the system, and the dates on which warrants are forwarded to the Collector-Treasurer.

Given the apparent efficiency of the Auditing Department's invoice processing system, the Committee focused its review of vendor payment timeliness on the lag time between the date the vendor submits the invoice to the agency and the date the invoice is entered by the City Auditor's staff into the accounts payable system. This lag time has two components: (1) the delay between receipt of the invoice by the agency and receipt of the invoice by the City Auditor ("agency delay"); and (2) the delay between receipt of the invoice by the City Auditor and processing of a warrant authorizing payment by the Collector-Treasurer ("auditor delay"). Auditor delay does not appear to be a major cause of lag time, since the Auditor's monthly invoice processing track record of 6,000 to 7,000 invoices matches or exceeds the rate of processing required to keep pace with the workload, which currently is estimated at 66,000 invoices per year.

The Committee's analysis of lag time statistics maintained by the City Auditor reveals that agency delay is a substantial contributor to the lack of timeliness of vendor payments. The accompanying exhibit summarizes agency delay statistics for 12 City agencies for all invoices entered into the accounts payable system by the Auditing Department during January, 1986. This sample represents approximately two-thirds of all invoices processed during January, 1986 and includes 5,114 invoices with an aggregate dollar value of \$8.9 million.

As the exhibit indicates, 3,293 invoices representing 64% of the invoices processed in January 1986 had an agency lag time in excess of 30 days. These invoices represent 34% of the dollar value of invoices processed, a figure which indicates that invoices from vendors with large contracts with the City are handled more rapidly by City agencies than invoices from smaller contractors. The agency lag time varied considerably among the agencies sampled and ranged from an average of only 31 days in the Department of Parks and Recreation to an average of 95 days in the Police Department. The average agency lag time for all 5,114 invoices processed by the 12 agencies was 76 days.

As these statistics indicate, the average agency lag time in processing vendor invoices is substantial and the Auditor possesses the information to identify the performance of particular City agencies (however, the monthly Department to Auditing Lag Time Report does not produce a City-wide summary table by agency and should be reformatted to provide the City Auditor and department heads with this information). Since vendor invoices are first routed to the line agencies and then to the Auditing Department, the Auditor has little control over agency lag time and lacks the staff to investigate line agency invoice processing systems. In summary, given the current invoice processing system, the City Auditor possesses the information necessary to attack the

EXHIBIT 2

CITY OF BOSTON
ACCOUNTS PAYABLE SYSTEM
SUMMARY FLOW DIAGRAM

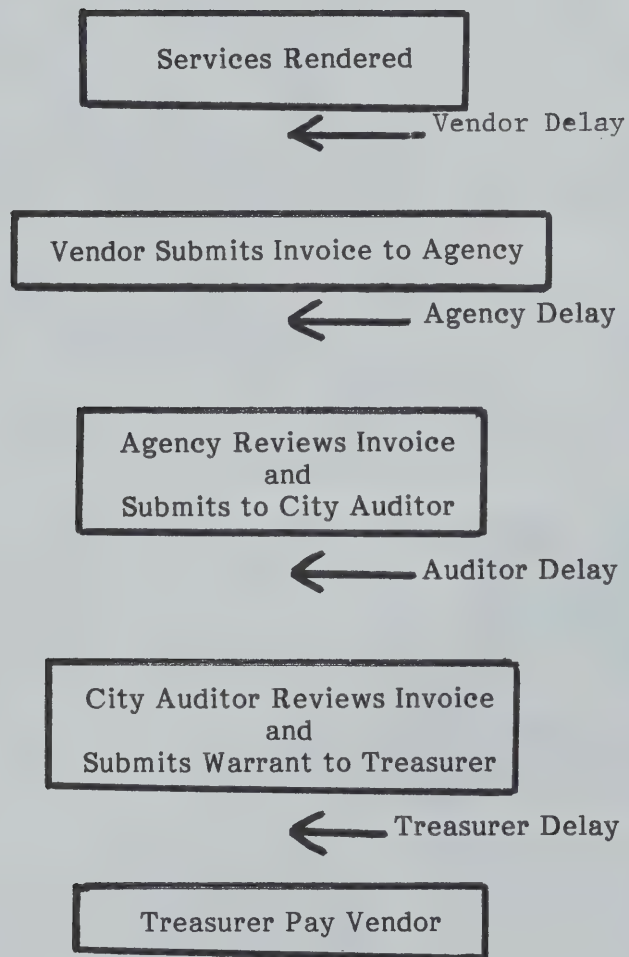


EXHIBIT 3

CITY OF BOSTON

ACCOUNTS PAYABLE SYSTEM

AGENCY LAG TIME IN PROCESSING VENDOR INVOICES

SELECTED CITY DEPARTMENTS

Department	Total Invoices Entered Jan. 86		Agency Lag Over 30 Days		Agency Lag Under 30 Days		% 30	Average Agency Lag Time
	Number	\$ Value	Number	\$ Value	Number	\$ Value	Days	
Business & Cultural Development	57	\$ 36,727.30	43	\$ 13,799.53	14	\$ 22,927.77	75%	56 days
	916	360,980.90	499	160,489.84	417	200,491.06	54	79
Inspectional Services	51	113,734.57	37	17,188.56	14	96,546.01	72	93
	163	547,680.61	100	102,043.06	63	445,637.55	61	60
Parking Clerk	91	416,452.27	20	162,228.80	71	254,223.47	21	35
Parks & Recreation	120	89,480.46	24	31,076.45	96	58,404.01	20	31
	1,172	637,753.16	878	429,486.37	294	208,266.79	74	95
Public Facilities	171	281,781.23	131	270,673.88	40	11,107.35	76	59
Public Works (Bridges)	314	1,350,453.33	203	89,003.11	111	1,261,450.22	64	54
	79	52,666.14	57	29,349.62	22	23,316.52	72	72
Real Property	1,925	4,814,478.13	1,269	1,621,983.88	656	3,192,494.25	65	71
Schools								
Traffic & Parking	55	205,705.32	32	77,627.94	23	128,077.38	58	65
Totals	5,114	\$ 8,907,893.42	3,293	\$ 3,004,951.04	1,821	\$ 5,902,942.38	64	76(1)

(1): Average weighted by number of invoices processed per department.

Source: Compiled by Mayor's Management Review Committee from January 31, 1986 "Department to Auditing Lag Time Report," Auditing Department.

problem of agency lag time but lacks the position within the processing system, and the staff, to take meaningful action to improve the City's payment record.

Accuracy of Invoices Processed. The City Auditor does not conduct an independent review or sample testing of invoices to determine if services billed to the City were actually rendered. Therefore, the office has no mechanism for determining Departmental accuracy in the payment of vendors. Overpayments, underpayments and duplicate payments could occur. The establishment of an internal auditing function, which is a goal of the present City Auditor, would increase the City's management control over the accuracy of invoices processed.

Payroll Processing

Timeliness and Accuracy. The timeliness of the weekly City payroll appears adequate in terms of the processing of payroll checks. As in the accounts payable area, however, the City Auditor lacks the capability to review City department payrolls for their substantive accuracy (i.e., to determine whether the employees paid actually attended work and performed services). The payroll figures received from departments are not accompanied by copies of employee time sheets and are only tested by Auditing Department staff for numerical accuracy. The weekly provision of time sheets to the City Auditor may be bureaucratically burdensome and impractical. Nevertheless, the City Auditor should possess some internal audit capability to conduct sample tests of agency payrolls for their accuracy.

Enforcement of Quarterly Personnel Allotment System. The City Auditor's efforts to enforce the City's system of restrictive quarterly allotments for personnel spending have been moderately successful according to the relevant performance indicators, but have been hampered by inefficiencies in the City's payroll accounting system.

As noted earlier, in FY85 the City implemented modifications to the allotment system to make it more restrictive than required by the 1982 Funding Loan Act, with a view to further improving budgetary control. After the first two quarters of FY85, seven City and two county departments had exceeded their quarterly allotments by an aggregate amount of approximately \$3.5 million, although all departments reporting excesses were within the statutory maximum spending limit of 30%.

The barriers to improved performance in enforcement of the quarterly allotment system relate primarily to the City's current accounting system, which does not provide accurate and timely reporting of personnel expenditures by department. In particular, the current system does not accurately allocate costs between departments or reflect in a timely manner the payment of overtime. Employees do fill out time sheets, but these do not reflect distributions of the labor to the appropriate cost center or grant account. When an employee works for more than one cost center or grant, this is not always reflected on the time sheet and may necessitate a transfer of costs to other cost centers. This transfer creates difficulties in monitoring actual personnel expenditures against the quarterly allotment and, in particular, does not leave a clear audit trail for external auditors of grant funds.

The City's overtime payment system also hinders monitoring of the quarterly allotment system. Unlike base wages, which are paid weekly, overtime is paid monthly on the MAC payroll. Thus, a department which appears to the Auditor's office to be spending within its quarterly allocation until the last week of the quarter may exceed its allocation due to overtime payments required on the final week's MAC payroll.

External Audit

Comprehensiveness. The City Auditor has increased the comprehensiveness of the annual independent audit of the City by consolidating for financial reporting purposes certain departments and agencies which are properly treated as components of the "Governmental Entity" of the City of Boston and by not consolidating other units which are not includable due to a lack of sufficient City control over their fiscal affairs. For Fiscal Year 1985, the City will for the first time include the financial statements of the Economic Development and Industrial Corporation of Boston and the Boston Industrial Development Financing Authority in the annual report on Boston's financial statements. Commencing in Fiscal Year 1984, the City determined that the Boston Water & Sewer Commission, Boston Housing Authority and Boston Foundation, Inc. are not includable due to a lack of sufficient City control over their respective fiscal affairs.

Timeliness. There have been substantial delays in the publication of Boston's annual financial statements and accompanying management letters. The FY85 financial statements (for the year ended June 30, 1985) were not available as of February 10, 1986. Neither the management letter for FY85 nor the management letter for FY84 was available as of February 10, 1986. More timely preparation and release of financial statements and management letters would increase the utility of the information to City managers and provide greater comfort to the financial community.

Clarity. Presently the City issues "Combined Financial Statements." These statements meet the minimal requirement of Generally Accepted Accounting Principles. Other large cities issue "Comprehensive Financial Statements." This is a much more detailed report that includes statistical and narrative analysis of the financial statements, including individual fund accounting and 10-year comparisons. Many cities also issue "Summary Financial Statements" which translate the financial data into easily readable charts and graphs that can be understood by taxpayers.

The issuance of these additional types of financial statements should be reviewed to determine the relative costs and benefits of expanding the scope of the City's annual statements.

RECOMMENDATIONS

The Committee offers five primary recommendations relating to the Auditing Department:

- a program to reduce agency lag time in the processing of vendor invoices should be established;
- financial statements and management letters should be produced on a more timely basis;
- the City's independent accounting systems should be integrated;
- additional experienced professional staff positions should be added to the office to improve financial management reporting and develop an internal audit capability; and
- an accounting procedures manual should be developed.

Reduction of Agency Lag Time

The Committee recommends that a program to reduce agency lag time in the processing of vendor invoices be established under the joint supervision of the City Auditor and a new Office of Contracts (see chapter on Contracting and Purchasing). Because small businesses and minority firms lacking in substantial capital are disadvantaged by a slow vendor payments system, the new agency lag time reduction program is important to the institution of an open and competitive contracting system. The program should include identification and priority processing of all invoices offering a discount for timely payment or requiring payment of interest penalties for late payment.

Financial Statement and Management Letter Timeliness

The City Auditor and Boston's independent accountants should produce Boston's annual financial statements and management letters on a more timely basis.

Accounting System Integration

The Committee supports the City's efforts to implement the Local Government Financial System in the City of Boston. If properly implemented, the system would eliminate time-consuming manual reconciliation of the present system of free-standing ledgers and also facilitate elimination of many of the other reporting and accounting problems cited in this chapter. For example, the new system will permit accumulation of overtime expenditures on a weekly basis, thereby eliminating the monthly adjustments to payroll for overtime which hamper enforcement of the quarterly allotment system.

Additional Staff

In the opinion of the Committee, the Auditing Department is understaffed. At present levels, the office cannot produce timely and useful financial management reports, such as budget to actual variance reports, and lacks an internal audit capability for testing the accuracy of line department invoices and payrolls.

During the tenure of the last two Auditors, the establishment of an internal audit staff remained an unfulfilled goal for two reasons. First, it is difficult to recruit and retain experienced auditors because of salary constraints and residence requirements. Second, staff is always absorbed into special projects and basic functions of the Department because these areas are understood. There is a need for this internal function. The areas that would be addressed include:

- Cash counts of departments intaking cash;
- Internal control review of departments;
- Compliance monitoring of federal grants;
- Operational audits;
- Economy and efficiency audits;
- Interim audits of other departments, such as the School Committee and the City Hospital; and
- Follow-up of management letters issued by CPA firms.

The Committee recommends that the staff of the City Auditor be expanded by approximately 6 professional and 2 clerical staff persons to perform these important functions.

Procedures Manual

The Auditing Department should establish a written procedures manual that details the various functions of the office. Without a manual, the Department's employees have no formal written guidance as to how to perform their responsibilities. This lack of written procedures is particularly unfortunate given the high turnover of Auditing Department staff. As of February 6, 1986, the average tenure of auditing staff was 5 years and 8 months. 9 out of 21 staff have been on the payroll less than 2 years. As employees leave the Department, institutional memory is lost, and new employees have a difficult time determining what procedures to follow. It would serve the City well if a procedural manual was written covering all office functions, and the appropriate sections were given to new employees.

III. BUDGET

BUDGET

Employees: 20

Appropriations:	FY84	\$839,500
	FY85	730,400
	FY86	723,100

Mission: Preparation, presentation, and monitoring of all City and County appropriated operating budgets.

OVERVIEW

The City of Boston's Office of Budget (Budget Office) is responsible for the preparation, presentation, and monitoring of the City of Boston and County of Suffolk operating budgets. A division of the Administrative Services Department (ASD), the Office currently has twenty professional and support staff, an annual operating budget of approximately \$730,000, and is headed by a Director/Supervisor of Budgets who performs the duties specified by Chapter 1, Section 5 of the City's administrative ordinances. The ordinance requires that the Supervisor of Budgets, under direction of the Mayor and in consultation with the Director of Administrative Services, prepare all annual and supplementary budgets, transfer orders, and budget forms and guidelines. In addition, the Director performs delegated powers including contract review, review of requisitions and purchase orders, and preparation of recommendations on Mayoral reallocations.

Budget Process

Section 15 of the Funding Loan Act of 1982 shall (the "Tregor Bill") defines the budget process and calendar for the City of Boston and County of Suffolk. It requires that: (a) all appropriations (other than for school purposes) shall originate from the Mayor; (b) the annual budget shall be submitted by the Mayor to the City Council not later than the second Wednesday in April of each year; (c) the Mayor shall submit such supplementary appropriations orders as he may deem necessary; (d) the Council shall limit its action on budgets or supplementary orders to approval, reduction, or rejection of items except upon the specific recommendation of the Mayor to increase an item or items; (e) the Council shall take action by the second Wednesday in June of each year, or the budget will automatically be deemed approved; and (f) all supplementary budget actions shall be acted upon by the Council within thirty days of filing.

Budget Division History and Current Focus

Prior to the mid-1950's, Boston's budget and personnel offices were consolidated. With the creation of the ASD approximately thirty years ago, these functions were separated, becoming two of the five divisions of the new Department. The Budget Office has changed in both purpose and size since that time. From a low of ten staff in the fifties, to a high of nearly sixty in the mid-seventies, the Budget Office has had differing objectives depending on the fiscal and political climate in which it was functioning. In the first two years of Mayor

Flynn's administration, the Office's primary emphasis has been on expenditure control, revenue monitoring, and correction of the chronic underbudgeting of fixed costs (e.g. court judgments, hospitalization and insurance costs, snow removal, and collective bargaining commitments).

Exhibit 1 displays the current organization of the Budget Office and identifies the primary functions of each of its units.

Committee Review Process

The functions of the Budget Office do not involve direct delivery of basic City services to the residents of Boston but, instead, support a process of internal government management and decision-making. They cannot be evaluated in as direct or quantifiable a manner as other municipal services. As a consequence, the Mayor's Management Review for this Office has been somewhat different from that for the City's operating agencies.

Because no commonly agreed-upon quantitative or qualitative measures exist for evaluating budgeting practices, the focus has not been on measures of daily Budget Office activity. The review has analyzed, instead, the possible relationships between performance evaluation and the budget process. In particular, the Committee examined the capacity of the current organizational structure, data, professional staff, and level of funding to support a fully integrated budget and performance evaluation system.

ASSESSMENT OF PERFORMANCE

Boston in Transition: A Financial Analysis, prepared as a part of the transition process at the start of the Flynn Administration, cited numerous areas of fiscal and financial concern. Many affected the Budget Office and the budgetary process either directly or indirectly. Of most serious concern was the need for more effective expenditure control (to reduce or eliminate annual operating deficits), the need for better forecasting and tracking of City revenues, and the need to correct budget practices that had resulted in chronic underfunding of basic City expenditures (such as snow removal, health insurance, collective bargaining agreements, and court judgments).

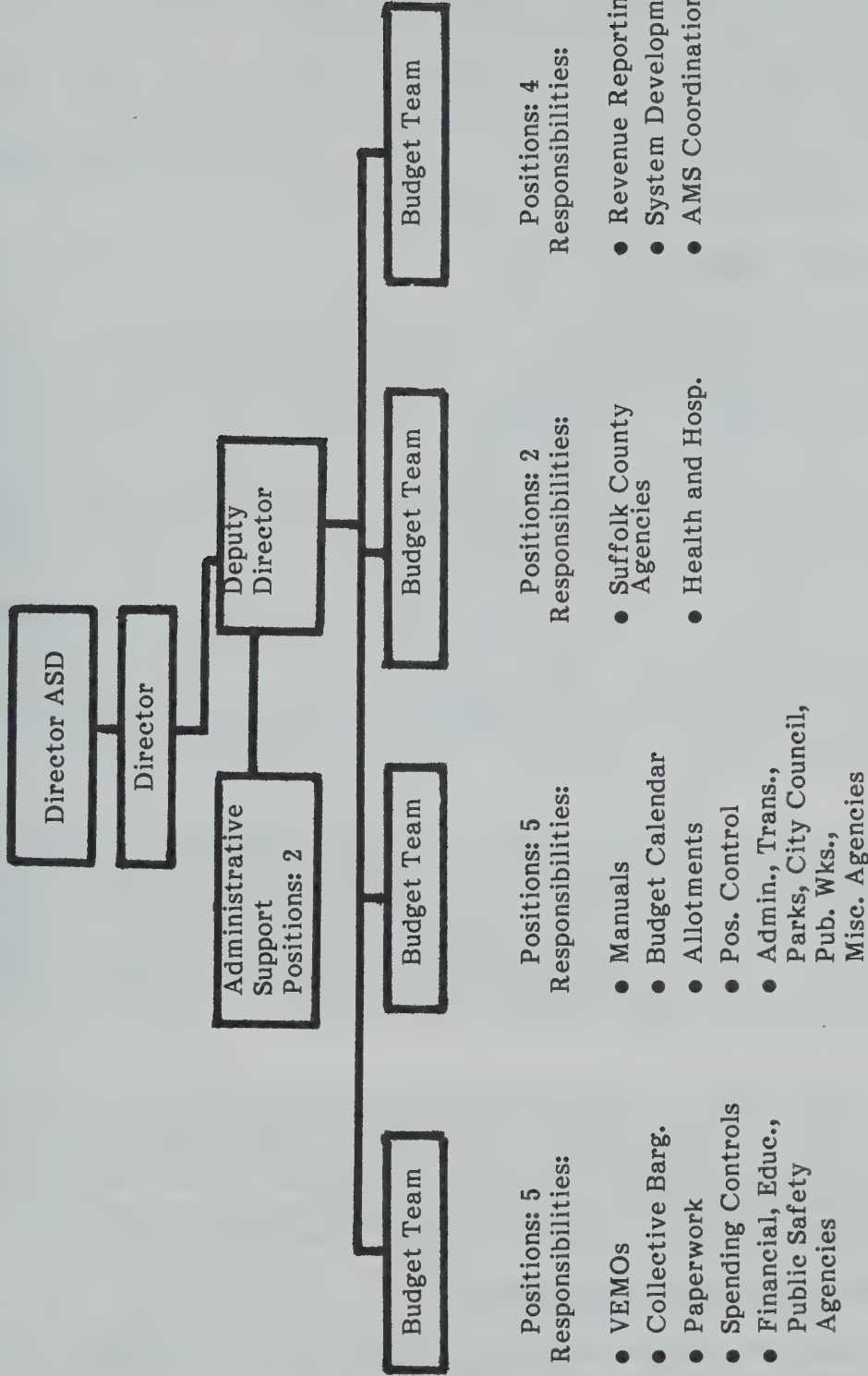
The officials interviewed and the documents examined during the course of this review reflect a broad consensus on the Budget Office's achievements in the first two years of the Administration. The development of revenue budgets and monitoring systems, the introduction of certain non-personnel expenditure controls complementing the personnel allotment system established by the Tregor Bill, reversal of chronic underbudgeting of selected mandated expenditures, and automation of certain budget preparation and monitoring functions are all cited as accomplishments. Each is discussed briefly below.

Revenue Budgeting and Monitoring

Prior to the Flynn Administration, the City had not published a formal revenue budget at the start of each budgetary cycle. As a consequence, there was little public, executive, or legislative appreciation of the annual revenue

EXHIBIT 1

ADMINISTRATIVE SERVICES DEPARTMENT, OFFICE OF BUDGET CURRENT ORGANIZATIONAL STRUCTURE



Source: Administrative Services Department, Office of Budget.

parameters, the performance of the City's revenue producing functions (e.g. parking ticket collection), or the relationship between local tax and departmental resources and overall spending plans.

The Budget Office has worked actively in the past two years to develop a ten-year historical database of actual revenue performance by source, regular forecasts of current year and future revenue trends, and a revenue budget that can be compared at the start of the budget cycle and throughout the fiscal year to proposed and appropriated City expenditure levels.

Expenditure Control and Monitoring

In the five years prior to the Flynn Administration, the City of Boston had experienced nearly \$142 million in annual operating deficits (Special Report, Boston Municipal Research Bureau, August 30, 1983). Failure to control agency operating expenditures, compounded by Proposition 2 1/2 and rapid growth in fixed pension and other costs, combined to depress Boston's creditworthiness. One of the most important tasks facing the new administration was the need to reestablish existing spending controls while simultaneously seeking authorization for expanded local tax revenues -- in order to enhance Boston's credit ratings and improve its overall fiscal outlook.

The Tregor Bill required the City of Boston to establish an allotment system to control personnel spending. In Fiscal Year 1985 (FY85), Mayor Flynn, through executive action, made that system even more restrictive than originally required by limiting total annual agency allotments to 96% of the appropriated budget amount -- creating a 4% effective reserve against unforeseen spending emergencies or revenue shortfalls.

The Tregor Bill did not impose allotment requirements for non-personnel expenditures. During the past two years, the Budget Office has taken a number of steps to enable the Administration to control these non-personnel costs and ensure that sufficient funds are available to pay the City's basic utility bills. The use of "VEMOs" (voucher encumbrance memorandums) to reserve funds early in the fiscal year for utility payments, and the careful monitoring of contract and other procurement requests, have contributed to the City's financial improvement in the past two years.

The allotment reserve system, non-personnel spending controls, and more careful attention to spending plan development have all resulted in significant reductions in operating deficits, as illustrated in Exhibit 2. In fact, the recently released financial statements for the year ending June 30, 1985 indicate the lowest operating deficit since FY78. As a percentage of total revenue, the FY85 result represents the lowest deficit (1.3%) in eleven years.

Elimination of Chronic Underbudgeting

In any City budget there are predictable fixed or mandated costs that cannot be deferred or foregone. Failure to budget adequately to cover these expenditures can guarantee operating deficits and undermine the credibility of the budget process for agency heads, legislators, other levels of government, and the general public.

In the past two years, significant progress has been made to correct these chronic underbudgeting problems. Accurate budget planning cannot make the pressures of mandated and fixed cost growth less severe, but it can increase the credibility of financial management and provide needed lead time to design the least onerous budget balancing measures.

Automation of Budget Activities

In the past two years, the Budget Office has acquired a variety of personal computers and a mini-computer. Office staff have developed a number of applications to assist in monitoring expenditures and revenues and tracking position controls and monthly spending. The Office is in the process of developing a database to support actual budget schedule preparation. Introduction of this new technology has been important to the Office's ability to develop its revenue budget and monitoring system, implement spending controls, and analyze spending trends and mandated and fixed cost requirements.

BUDGET PROCESS AND PERFORMANCE EVALUATION ISSUES

While progress has been made on revenue, budgetary and expenditure control, much remains to be done if the budget and budget process are to be serious vehicles for the improvement of City services and for the articulation of administration priorities, goals and performance.

The Committee investigated a number of issues dealing with the budget process and the budget document, and their usefulness to agency heads, City Hall officials, external interest groups, and other levels of government. The following presents our findings in six areas of primary interest:

(1) **The current budget process does not provide for the collection and analysis of systematic performance data on agency programs and services.**

While efforts have been made in the past two years to elicit from agencies more complete budgetary and program information, the emphasis has not been on meaningful or consistent performance measures -- from year to year or across various types of programs and activities. The current process does not provide or support such analysis.

(2) **The budget process is not viewed by agency heads as a meaningful planning and management tool.**

In general, the agency heads with whom the Committee spoke did not consider the current budget process to be critical to internal planning, management, or agenda setting. At best, the process was considered a reasonably fair and predictable fact of bureaucratic life. At worst, it was viewed as a time-consuming, paper driven exercise that afforded little opportunity to discuss or influence Administration policy or address the important programmatic issues facing the agency.

(3) Basic expenditure control and financial management practices are sufficiently well established to allow for a more policy oriented (less control focused) budget process.

The Administration's success in its first two years in bringing greater fiscal stability, reducing chronic overspending, and enhancing the local tax base is impressive. However, the significant amount of Budget Office staff time now devoted to "controller-like" functions -- including detailed expenditure review and examination of individual spending and personnel transactions at several stages of execution -- may not be the most effective use of Budget Office time in the present context. In light of the increasingly sound overall financial management, and the potentially duplicative nature of some of the tasks now performed by Budget and other ASD and financial offices, it may be possible to reduce the emphasis in the Budget Office on "controller" activities and increase its orientation toward policy and planning efforts. These efforts should be geared toward more effective long term expenditure control, productivity improvement, and revenue enhancement. Only through such concerted planning can the City reduce its dependence on non-recurring revenue and enhance its ability to cope with economic and federal uncertainty.

(4) Budget instructions and budget documents have not been used effectively as tools for defining the Administration's agenda, publicizing program activities, integrating performance and financial planning, or promoting City priorities.

Based upon an analysis of other budget models and examples, the Committee concludes that this is one of the areas of greatest weakness in Boston's current budget system. None of the agency heads interviewed reported using the budget for any purpose in the course of their work -- in fact, many said that they did not even see final versions. The budget document contains little or no narrative describing the fiscal or policy context of the annual request. It provides no information on agency program or service delivery levels, or the relationship of proposed funding to City-wide or agency priorities. Moreover, the document includes no analysis of multi-year spending trends, the long-term impact of the current year proposal on future spending needs, or the basis of economic, collective bargaining, and other assumptions used in budget preparation.

(5) The existing organizational structure, data and professional resources, and level of funding are inadequate to support a more comprehensive budget process.

As currently structured, the budget process is somewhat isolated from overall policy setting and management decision-making. It is clearly not an integral part of day-to-day agency operations or operations planning. Concentrating on the appropriated budget (which represents just 40% of the City's total spending) and with a heavy emphasis on expenditure monitoring, the current location and orientation of the Office is not well suited to a broader, more programmatic focus (although many of the Budget Office staff expressed interest in such a change in emphasis).

Data systems to collect agency program and performance information do not currently exist. In fact, financial data and other basic personnel and administrative systems are not operative on a scale that can support timely and accurate City-wide performance evaluation and fiscal analysis. The Committee has concluded that an investment of additional resources for both personnel and operations support will be required if a viable system of performance evaluation and budgeting is to be implemented.

(6) Models do exist which could be used to develop a more comprehensive evaluation and budgeting system for the City of Boston.

Clearly, many different systems for improving productivity, monitoring agency performance, and integrating budget and performance evaluation have been tried throughout the country. (See the Committee's Overview chapter.) While no single model appears ideally suited to Boston's needs, several -- in particular, the general budget standards promulgated by the Government Finance Officer's Association (GFOA) and the New York City Mayor's Management Reporting System -- provide useful guidance. Elements of both have been incorporated into the recommendations in the following section.

RECOMMENDATIONS

The Mayor's Management Review Committee's recommendations with regard to the Office of Budget are:

- An integrated system of agency performance evaluation and budgeting should be established by the Administration. To staff and support such a system, the existing Administrative and Budget Divisions of the Administrative Services Department should be consolidated, forming the nucleus of a new Office of Budget and Program Evaluation;
- In addition to the existing budgets of these two divisions, approximately \$500,000 in additional annual funds should be identified to supplement the professional and support resources of the current offices. These funds should provide approximately 15 mid-level program and budget analysts and support staff and associated expenses;
- In recruiting new staff for this consolidated office, the Administration should seek persons who combine substantive experience in municipal services with analytic skills and training. It is especially important that the staff have credibility with agency heads and senior program managers and an ability to appreciate the complex variables affecting agency performance. Staff members should also have the capacity to conduct special analyses of significant issues (e.g. impact of federal budget cutbacks, long-term costs of indigent health care, fiscal impact of solid waste disposal alternatives) for use within the executive branch or for public information;
- The budget process should be based upon annual agency workplans, articulating the level of activity proposed by the agency for the coming year, comparing that level of activity to total demand and

immediate past performance, and relating agency goals to broader Administration policies and objectives. Indicators of agency performance should be based upon those recommended by other working groups involved in the Mayor's Management Review and should incorporate recommendations from the Mayor's Policy Office and other affected divisions of the ASD;

- The budget instructions and budget documents should be redesigned to incorporate many features recommended by the GFOA criteria for exemplary budgets. (See summary, Exhibit 3). Reflecting these criteria, the budget instructions and documents should serve as policy guidelines; inform operational decisions at the agency level; provide comprehensive financial plans and explanations of the total resources available; and be significant public information and communications tools;
- In conjunction with improved budget documents, the Administration may wish to consider the publication of a separate Mayor's Management Report similar to that produced in New York City. Indices of agency performance used in the reports should be consistent with those reflected in budget documents, and the timing of the publication should be such that prior year performance information is available in advance of, or concurrent with, each year's budget review;
- The Office of Capital Planning should be formally involved in the review of all agency budget requests that may impact on capital programs, such as proposed maintenance and repair budget items. The OCP should continue to exercise approval authority over capital contracts and related encumbrances. In addition, the process should require formal communication from the Office of Capital Planning to the new Office of Budget and Program Evaluation of any projected operating budget impact as a result of each year's capital activity;
- There is always a danger that a comprehensive system of budgeting and program evaluation will be viewed as punitive and reinforce, rather than mitigate, the sometimes adversarial nature of agency/Budget Office relations. To minimize this risk, the Administration should ensure that the new process provides: (a) extensive training and participation of agency head and senior agency program staff; (b) the opportunity for Budget and Program Evaluation and agency personnel to rotate periodically through each other's staffs to increase mutual understanding of roles and responsibilities; (c) analyst assignments that reflect knowledge of and familiarity with the substantive programs for which they have oversight; and (d) clearly visible support for the process from the Mayor and his senior advisers;

- The results of the ongoing Middle Management Excellence Committee (chaired by the City Assessor) should be incorporated into any training program supporting the office of Budget and Program Evaluation;
- The Administration should ensure that a mechanism exists to closely coordinate the activities of the Mayor's Office of Policy and ASD's Information System, Procurement, and Personnel divisions in the overall budgeting and program evaluation system; and
- The first integrated budget and program evaluation documents should be prepared for the FY88 budget cycle, but the consolidated division should be established as soon as possible to develop the necessary processes and systems to support that planning cycle;

OFFICE OF BUDGET Operating Deficits, FY81 - FY85 (\$ in Millions)

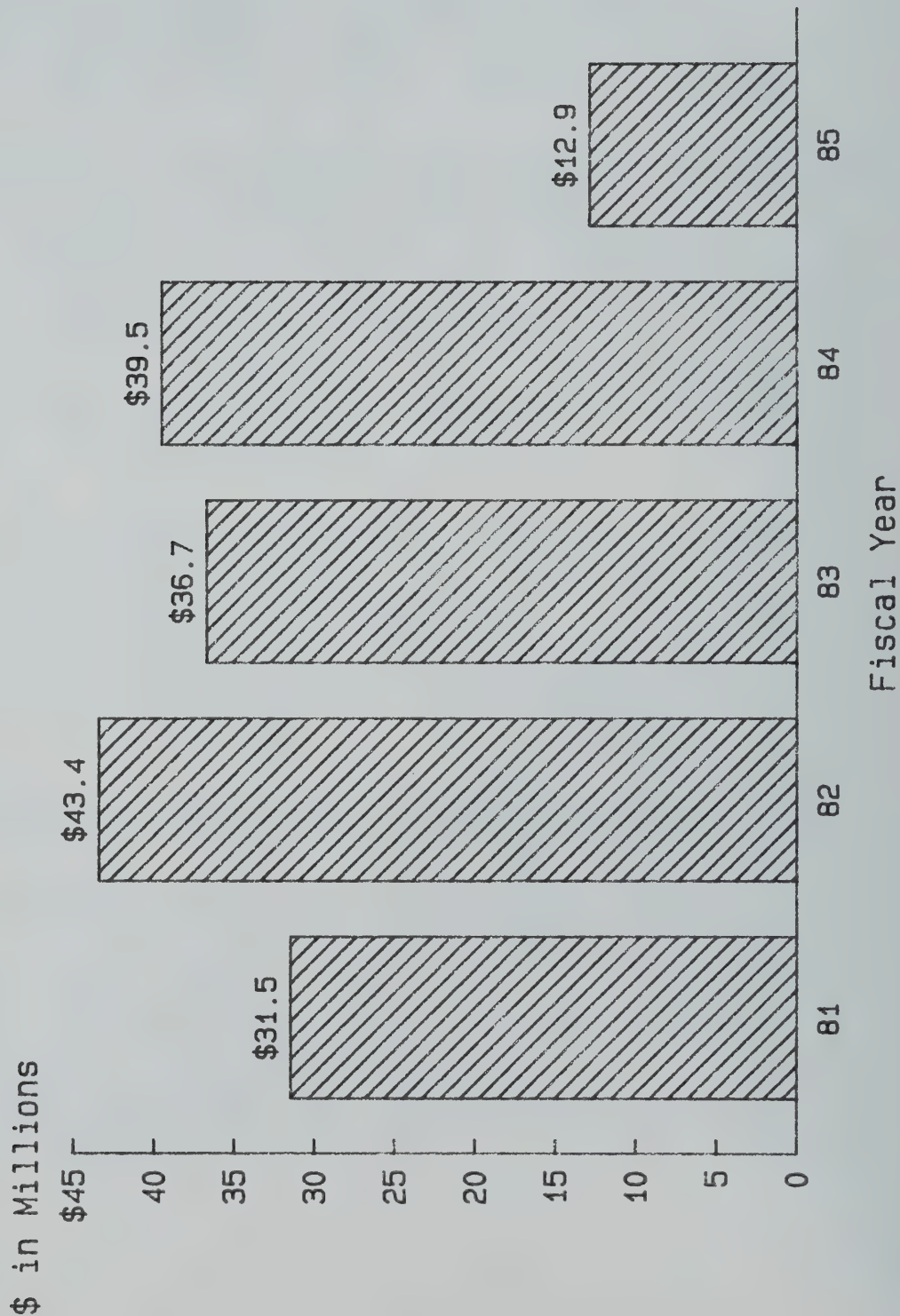


EXHIBIT 3

GOVERNMENT FINANCE OFFICER ASSOCIATION'S CRITERIA FOR DISTINGUISHED BUDGETS (EXAMPLES OF DETAILED CRITERIA)

THE BUDGET AS A POLICY DOCUMENT:

- The document should include a coherent statement of budgetary policies.
- These may take the form of goals and objectives, strategies, or other mechanisms.
- The document should describe and articulate basic policy changes.

THE BUDGET AS AN OPERATIONS GUIDE:

- The budget should explain the relationship between organizational units and programs where appropriate.
- The budget should include an organizational chart, descriptions of workforce organization and sufficient data regarding past operations to form a basis for comparison.

THE BUDGET AS A FINANCIAL PLAN:

- The budget should describe all operating funds and display financial plans.
- The budget should include projected current year financial results.
- The budget should be prepared in such a way that budgetary performance can be determined.
- The budget should describe any actions necessary to achieve financial stability or solvency.

THE BUDGET AS A COMMUNICATION DEVICE:

- The budget should provide summary information suitable for use by the media and the public.
- The budget should include a transmittal letter that outlines key strategies and policies.
- The budget should disclose revenue sources and revenue assumptions.
- Simple charts and graphs should be used to highlight key relationships.
They should be accompanied by clear narrative explanations.

Source: Government Finance Officers Association (GFOA).

IV. BUSINESS AND CULTURAL DEVELOPMENT

BUSINESS AND CULTURAL DEVELOPMENT

Employees: 12

Appropriations:	FY84	\$	669,447
	FY85		621,829
	FY86		579,150

Mission:

1) To provide a wide range of services to the Boston community, through coordinating public celebrations and special events and supporting these activities with technical assistance; and

2) To promote arts and culture in the City of Boston.

OVERVIEW

Background

The Mayor's Office of Business and Cultural Development ("the Office") was established by City Ordinance in June, 1984. This ordinance specifies that the Office shall be managed by a Director, appointed by the Mayor, who shall have the powers of a department head with respect to execution of contracts and matters of personnel management. The ordinance outlines six objectives. These are: a) development of business opportunities in Boston; b) retention of business opportunities; c) promotion of trade and tourism; d) enhancement of cultural aspects of life; e) organization of annual and special celebrations; and f) establishment and support (with technical assistance) of advisory groups to neighborhood, minority and women's groups.

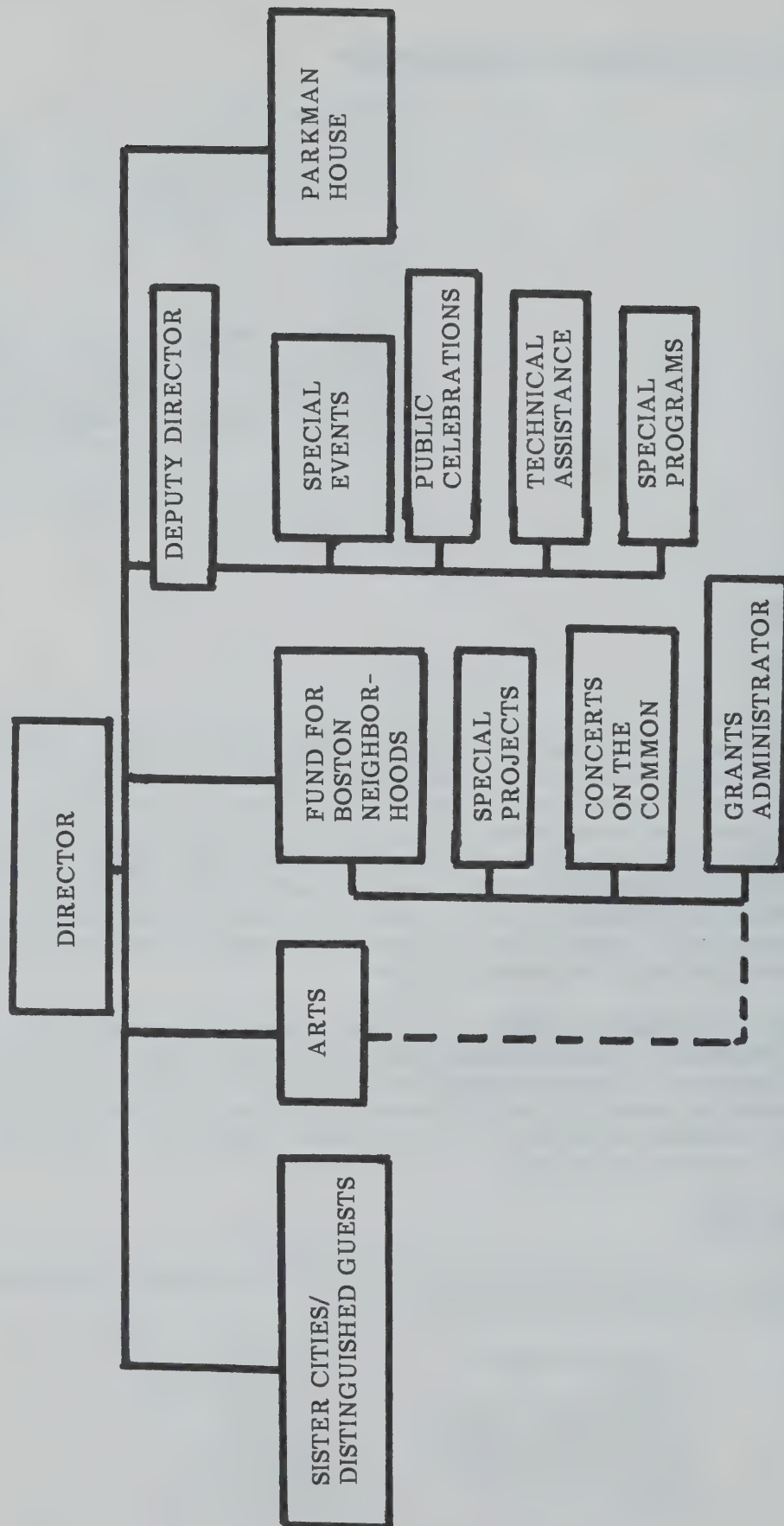
Such an extensive mission statement, combining community service, technical assistance, business development, and cultural life, involves the Office in a wide range and a large number of services and activities. The Office acts like an umbrella, covering activities ranging from parades to parking lot clean-ups, from concerts to artists live/work space issues, and from Sister City functions to Celtics Pride Days.

Budget and Staff

The total budget for the Office is currently set at \$579,150 for Fiscal Year 1986 (FY86). This breaks down as follows:

Personnel salaries	\$ 340,868
Supplies	10,132
Contractual services	93,150
Distinguished Guests	35,000
Public Celebrations	<u>100,000</u>
TOTAL	\$ 579,150

ORGANIZATION OF MAYOR'S OFFICE OF BUSINESS AND CULTURAL DEVELOPMENT



As indicated, personnel salaries account for \$340,868, which is intended to pay a staff of fourteen. The staff, and the salary for each position, includes: the Director -- \$42,800; the Deputy Director -- \$29,700 (supervises all remaining staff, but is mainly involved in special events and public celebrations); Special Events and Public Celebrations staff -- \$47,940 (two persons); Technical Assistance staff -- \$40,500 (two persons); an Arts Administrator -- \$25,900; a Sister Cities/Distinguished Guests Coordinator -- \$24,700; a Parkman House Coordinator -- \$25,200; a Special Projects Coordinator -- \$27,200; an Administrative Assistant -- \$23,400; and a Receptionist -- \$14,784. The remaining salary allowance is intended to pay a Business Administrator and a Secretary. Both of these positions are currently vacant.

Also connected with the Office is the Fund for Boston Neighborhoods, Inc. The Director of the Office serves as President of the Fund. This is a nonprofit, tax-exempt corporation established for the purpose of maintaining and conducting educational, charitable, recreational, literary, scientific, artistic, theatrical and musical functions for the City of Boston. The Fund operates through contractual agreements with the Office, in addition to operating and administering other programs for the City and other agencies and foundations. Most closely connected with the Office are three programs, run by staff whose salaries come out of the Fund. These are Concerts on the Common, Administration of Grants, and the Special Projects Program. Through its contracts with the Fund, the office administers the Parkman House (\$70,000 per year) and provides some contractual services (approximately \$40,000 per year), in addition to the \$93,150 for contractual services listed in the budget summary above.

Special Events and Public Celebrations

The Special Events and Public Celebrations Department of the Office is instrumental in bringing many new events to the people of Boston and its visitors while helping traditional celebrations operate efficiently. The Office sees itself working closely with departments and agencies involved to ensure that all public safety, crowd control, clean-up, and community concerns are addressed. It acts as a liaison between event organizing groups and City departments, including Traffic and Parking, Police, Fire, Parks and Recreation, and Public Works. The Office schedules and conducts meetings with event organizers and appropriate representatives from these City departments to discuss logistics and City policies and to offer technical assistance. The Special Events and Public Celebrations Department also maintains a calendar of events, solicits sponsorship for events not funded by the City, avoids conflicts in scheduling, and encourages various organizations to choose Boston as the site for their conventions and celebrations.

Technical Assistance

The Technical Assistance Program, as mandated by the City Ordinance, offers support to local groups and business with sound equipment and stage. The Contractual Services portion of the Office's budget (\$93,150) is used to maintain and transport this equipment as necessary. Over the past two years, the Technical Assistance Program has participated in over 600 different events, providing services at costs which are generally considered to be lower than those for other professional services, and certainly more convenient. The Program's

staff also offers expert advice regarding logistics, scripting, and mapping for events.

Parkman House

The Parkman House is used both by the Mayor for City business and by various non-profit local groups. The Parkman House Coordinator, who is salaried through the Office, oversees the scheduling of events of the Parkman House, taking into consideration the Mayor's schedule and issues of concern to the City. Visiting delegations from other areas often visit the Parkman House. The Parkman House itself is financed by the Fund for Boston Neighborhoods (\$70,000). Over 150 neighborhood groups have visited the House since January 4, 1984.

Special Projects and Sports Events

The Coordinator of this Division is involved particularly in Special Events which are related to the sports community. He works with all the major sports teams in the area and also with the local college, high school and little league teams. Events are often scheduled at the request of the Mayor. Since sporting events generate business, corporations are often called on to help sponsor events.

Fund for Boston Neighborhoods

The Fund for Boston Neighborhoods supports three programs: Special Projects, Concerts on the Common, and Administration of Grants.

Special Projects. Like most divisions in the Office, Special Projects includes a wide range of activities. The Special Projects Coordinator supervises the Boston Clean City and Beautification Program, which directs the clean-up of lots and cemeteries and the beautification of walkways and park areas. This provides assistance to many neighborhood businesses, who often contact the Office asking for clean-up operations, traffic sign repairs, etc. The Coordinator supervises such assistance, in particular the assists in clean-up operations. The Coordinator also helps the Arts Administrator and the Concerts on the Common program.

Concerts on the Common. Initially conceived under the prior administration to raise money for the Arts, Concerts on the Common linked with WBZ Radio (the Fund for Boston Neighborhoods and WBZ split the profits). At that time, all proceeds went to the Arts, through WBZ's "Fund for the Arts." Once that fund had raised \$1,000,000, WBZ began a new program, "For Kid's Sake," which now receives the station's proceeds from Concerts on the Common (WBZ still makes grants to the arts from the interest earned on the Fund for the Arts). Concerts on the Common became an extremely well-known and successful part of the summer scene in Boston. The Concerts on the Common drew 146,159 people in 1985. Ticket sales generated \$2,129,603, and Miller Brewing Company provided \$300,000 in sponsorship. After expenses, \$300,000 remained, which was again split between WBZ and the Fund for Boston Neighborhoods. Yet, since WBZ now uses its proceeds to fund its program, "For Kid's Sake", and the \$135,000 in the Fund for Boston Neighborhoods is now used to run the neighborhood community pools, the Concerts on the Common series appears to be oriented today more toward Community Services than toward Arts and

Cultural Affairs. Proceeds from Concerts on the Common no longer benefit the Arts community.

Administration of Grants. Although her salary is paid out of the Fund for Boston Neighborhoods, the Grants Administrator is closely associated with the Office for Business and Cultural Development. Not only does she assist the Parkman House Coordinator and the Arts Administrator, but she also administers the Boston Arts Lottery Program. This program distributes funds from the State lottery (not local funds or grants).

Distinguished Guests and Sister Cities

The Coordinator of Distinguished Guests and Sister City Programs exchanges correspondence with dignitaries from other areas, helping to schedule visits for the Mayor in other cities and to arrange for visits by distinguished guests to the City of Boston. The budget of \$35,000 covers gifts for these dignitaries, and the associations which connect Boston to six other cities (Strasbourg, Barcelona, Hangzhou, Kyoto, Padua, and Melbourne) are directly run by independent, incorporated foundations or associations with elected officers. The Coordinator thus acts mainly as an important contact point between the Mayor and the Sister City Programs, helping to coordinate many events and exchanges throughout the year.

CRITICAL PERFORMANCE MEASURES

The Director of the Office for Business and Cultural Development sees her Office as primarily a coordinator of community service programs--special events, public celebrations, etc.--which benefit Boston's tourist industry and the public, particularly the residents of Boston's neighborhoods, directly. This view of the Office's objectives is intended to include the visual and performing arts. The Arts Administrator, in conjunction with the grants administrator, actually pursues an agenda which is separate from the daily functioning of the rest of the Office. Under his agenda, the Arts Administrator focuses on identifying the needs and promoting the development of the visual and performing arts, which in turn benefit the community at large. As a result, his agenda currently includes, for example, locating artists' live/work space and creating a downtown cultural center. The Mayor's Management Review Committee has therefore chosen to review "community services" separately from "arts and cultural affairs."

Community Services

Community Services, as defined and provided by this Office, include public celebrations and special events (the difference between the two being that public celebrations recur every year and are supported by grants from the Office, while special events are usually one-time occurrences), special programs, Concerts on the Common and the Neighborhood Concert Series, administering the Parkman House, the Sister Cities program and providing selected services for local businesses.

Critical performance measures for the Community Services functions of the office include:

- for Public Celebrations the number of events the Office is involved with each year; the level of involvement; the number of people at these celebrations; and the amount of financial support provided;
- for Special Events, the number of events; the level of involvement; the number of people in attendance; and the amount of financial support provided;
- ability to provide organizers of events with high quality technical assistance at low cost; and
- capacity, at the end of the year, to evaluate the year's events and celebrations and, based upon this evaluation, plan the calendar for the upcoming year.

Special Projects and Sporting Events

- amount of money raised for special projects and sporting events;
- number of sports events organized; and
- number of tickets distributed.

Arts and Cultural Affairs

Arts and Cultural Affairs services provided by the Office include the activities of the Arts Administrator and the Grants Administrator. Critical performance measures for the Arts and Cultural Affairs Component of the Office include:

Arts Administration

- developing and implementing a procedure for identifying the needs relative to live/work space of Boston's artists (includes locating artists, documenting their financial needs and their space needs, etc.);
- removing the legal barriers to combined live/work space developments for artists in Boston; and
- studying the solutions of other cities to develop options for responding to this crisis.

Administration of Grants

- notifying the press and all visual and performing artists of grant availability and application deadlines (twice per year);
- assisting artists in preparation of applications for grants;

- making presentations to the Boston Arts Lottery Council (determines which applications will be submitted to the Massachusetts Arts Lottery Council);
- completing all forms for the Massachusetts Arts Lottery Council;
- notifying all applicants of Council decisions; and
- administering the reimbursement procedure for distributing grants, as mandated by the Massachusetts Arts Lottery Council.

ASSESSMENT OF PERFORMANCE

Although it is impossible to provide statistics on all of the measures noted above, the Office does maintain records of the number of events and celebrations and the amount of financial support provided. These records include approximations of the number of people in attendance. With respect to qualitative performance measures, the Mayor's Management Review Committee found: 1) the level of involvement on the part of the Office varies from simply providing advice to playing an instrumental role in organization and planning; 2) the responsiveness to unanticipated events is excellent, though this responsiveness sometimes supercedes efforts to achieve other objectives on the Office's overall agenda; and 3) the capacity for initiating events has not been developed, mainly because the staff's time is filled with activities which are already on the schedule or which are requested on short notice.

During the past two calendar years, the Public Celebrations Division has been responsible for the organization of 20 major parades and over 200 ethnic celebrations and ceremonies in Boston's neighborhoods. Attendance at major parades varies from 100,000 to 350,000 people; for smaller events, including other parades, street fairs, festivals and ceremonies, attendance varies from 500 to 100,000 people. As all of the Public Celebrations appear on the calendar every year, they are anticipated and planned for by the Office. In FY84, FY85, and FY86, the City Council voted to allocate \$100,000 to Public Celebrations. The Deputy Director of the Office must decide each year how this allocation will be divided among the public celebrations throughout the year. Certain parades receive money every year and expect to continue doing so. How much they receive depends partially on need, and also on how "successful" the event was in the previous year, with success being measured in terms of public attendance and enthusiasm, organization and management by the event's organizing committee, and value to the community. Many events, particularly the smaller ones, receive no money from the Office; the largest grant made is \$7,000. The St. Patrick's Day Parade, for example, receives \$7,000 each year. 350,000 people attend this parade in South Boston. The Harborfest, a five-day annual event, receives \$2,500 each year; 100,000 attend this event. Most events do not receive any funds, and rely on the Office mainly for advisory, coordinating, and supportive (through technical assistance) services.

This non-monetary role is especially apparent with respect to the Special Events division. Although some of these events are anticipated at the beginning

of the calendar year, such as involvement with the Olympic Torch Relay or the Neighborhood Concert Series, many others come on short notice (for example, the rally for the New England Patriots following their win of the Conference Championship, or the Celtics Pride Day for the newly crowned world champion Boston Celtics, or Labor Day fireworks). However the event appears on the schedule, the Office manages to quickly and efficiently organize events, complete with speakers, a Mayoral appearance and/or proclamation, music and technical assistance, and sometimes corporate sponsorship. Most events in the downtown area or in the neighborhoods which involves the City of Boston may be channeled through this Office.

Typically, some individual or group conceives of a special event or series of events - for example, the Neighborhood Concert Series, which brought the summer concert idea to the neighborhoods and drew the support of the Miller Brewing Company and Burke Distributing. Working closely with the Office, Miller agreed to sponsor the series, which consisted of 65 concerts in 11 neighborhoods, drawing 20,000 people, in July and August, 1985. Another example could involve a group desiring to organize a fair in a local neighborhood. Such a group would contact the Office, in particular the Deputy Director, and arrange a preliminary meeting with her. The Deputy Director then evaluates the event in terms of feasibility and community interest. Should she approve of the event, she will then make her staff available to the group and also coordinate the meetings involving other appropriate City departments. If the group needs a stage or sound equipment, she will offer technical assistance through her Office.

In 1984 and 1985, the Coordinator was involved in 65 different events, ranging from helping to arrange various benefit games between Boston's youth and City officials, to presenting various awards in the Mayor's name (to athletes and teams), and from helping with ticket dispersal for youth and handicapped to various events, including the Bay State Games, to assisting with the organization of Special Events which involve the sports community. The level of involvement in these events varies. Although the Coordinator does keep records of events in which he is involved and the results of those events, these records do not seem to be kept in response to specific objectives which are to be met.

Arts and Cultural Affairs

The Arts and Cultural Affairs Division of the Office seems to function as a cohesive unit, headed by an Arts Administrator. He works closely with the Grants Administrator and also maintains close contact with the Executive Secretary of the City Department of the Environment, since she maintains the Boston Arts Commission (chartered in the Department of the Environment) and administers the Browne Fund. The Browne Fund is a trust fund, part of which makes money available to the City for public art displays - statues and monuments for streets and parks, for example. A City ordinance establishes the procedures for administering the Fund through the Boston Arts Commission.

In accordance with the City ordinance "to enhance the cultural aspects of life, particularly in Boston's neighborhoods," the Arts Administrator works closely with individual visual artists, visual arts groups, and performing arts groups in the disciplines of theatre, dance, and music throughout the City. In addition, close working relationships have been established with all of Boston's major cultural institutions and all arts "umbrella" organizations. Joint efforts

with these "umbrella" organizations relate to audience development, funding, board development, and outreach programs for their member visual and performing arts groups.

The agenda pursued by the Arts Division is quite different from that pursued by Community Services -- Special Events, Public Celebrations, and Special Programs are mostly parades and festivals and special days oriented toward recreation and audience participation. By contrast, the Arts Division addresses the needs of the visual and performing arts communities. Major concerns currently on the agenda of the Arts Division include: locating artists' live/work space; creating a Downtown Cultural Center (to establish rehearsal and performance space); helping to administer the arts lottery grants; performing various research projects; acting as a liaison with other City and State agencies; distributing reduced price or free tickets to senior citizens, the handicapped, schools and social service agencies; organizing art shows in the City Hall galleries; and working on several special promotional projects.

Artists' Live/Work Space. With escalating property values and corresponding rent increases, thousands of artists have been forced to leave Boston because they cannot afford living and studio space. Recognizing the crisis facing the visual arts, with respect to rapidly vanishing affordable living and working areas for visual artists, the Office, through the Arts Administrator, has been working closely with the Boston Redevelopment Authority, the Real Property Department, the Public Facilities Department, and the Economic Development and Industrial Corporation to secure artists' live/work space in the City.

Efforts are currently underway with the Artists Tenants of the South End (ATSE) and the Fort Point Artists Community to locate buildings which can be converted for their use and developed as limited-equity co-ops. The Office also issued a position statement relative to the issue of artists' live/work space, sympathetic to the artists' plight (but perhaps too long - six months - in coming.) The Office is also working with the Massachusetts Council on Arts and Humanities to affect changes in the zoning ordinance to allow for a category entitled "live/work space in business and industrial zones", to alleviate the current legal problem of having only three zones, business, industrial and commercial, which does not allow for studios combined with living space. Finally, partially through the efforts of the Arts Administrator, a grant of \$29,000 from the Massachusetts Council for the Arts and Humanities was issued to the Friends of Boston Art to identify all Boston artists, their space requirements, financial ability to purchase property, and the status of their present studios relative to displacement.

An example of a long-term strategy in the live/work space program area is provided by the efforts of the City of St. Paul, which has worked with the local artists' collective, Artspace Inc., legal counsel and private developers to create the Lowertown Housing Project, which intends to develop three floors of a warehouse into 29 stable artist living/work spaces. Eventually, a limited-equity co-operative of resident artists will purchase the original partnership's property interests.

Downtown Cultural Center. Today, Boston has at least 17 dance companies, 14 theatre companies, and 11 music companies which have no

rehearsal, performance, or office space. As property values in Boston escalate at a staggering rate, competition for affordable rehearsal and performance space intensifies.

In response to this problem, the Office, through the Arts Administrator, has been working closely with the Boston Redevelopment Authority to include a Downtown Cultural Center in the developmental plan known as "Downtown by Design." Sixty-seven nonprofit groups have been brought together by the Office, forming a Performing Arts Development Task Force, which has submitted a draft proposal to the BRA. This proposal suggests, for example, that any theatre that is demolished or converted to other than a theatrical use, in the "Theatre District", must be replaced with new theatre space with at least 25% of the previous theatre's capacity. The proposal also establishes extensive guidelines for the use of these performance spaces. In addition, it provides for the creation of a Boston Cultural Foundation, to administer all cultural components and a fund formed from a percentage of ticket sales from opening performances. In developing this proposal, the Arts Administrator established a working relationship with the New York City Cultural Affairs Commission to exchange information and possible solutions to the problems faced by both cities relative to performance and rehearsal space.

The effort to create a Downtown Cultural Center in Boston parallels similar efforts in other cities. Baltimore has, for the past 20 years, been creating a downtown cultural corridor. Many local observers credit this development with reclaiming an inner-city wasteland and revitalizing a dying economy. In 1982, 64 major conventions generated an estimated 40 million dollars in visitor spending, an accomplishment attributed to cultural development. Baltimore utilized a variety of public dollars, condemnation powers, ability to rent and acquire property, and its bonding ability to create this strong downtown cultural center. Similarly, the projected benefits of Milwaukee's Theater District include expanded audience for the performing arts, increased commercial traffic during off peak hours, increased winter tourism and convention uses in the district, and 1,260 new permanent jobs.

Each year, the Massachusetts Arts Lottery Council determines how much money each locality, based on its population, will receive in grant funds from the State Arts Lottery Program. This Council then makes final decisions on grant recipients, usually following the recommendations of the local Arts Lottery Councils. The Grants Administrator, through the reimbursement procedure mandated by the Massachusetts Arts Lottery Council, distributes approximately \$360,000 in grants to visual and performing artists and groups. The Grants Administrator works very closely with the Arts Administrator in the process. (It should also be noted that the president of the Boston Arts Lottery Council is the Director of the Office for Business and Cultural Development).

RECOMMENDATIONS

The Mayor's Management Review Committee recommends:

- creation of a new Department of the Arts; and

- creation of an interagency task force on business retention and development.

Department of the Arts

The Committee recommends the separation of "community services" and "arts and cultural affairs", resulting in the establishment of two offices: (1) the Office of Business and Community Services (still a Mayor's Office, consisting of what is currently the Office for Business and Cultural Development, except for the Arts Administrator and Grants Administrator) and (2) the Department of the Arts.

The proposed separation of the two functional arms currently contained within the single Business and Cultural Development Office will enhance the City's ability to bring non-public resources to bear on the growing problems of inadequate and deteriorating performance space, absence artists' of live/work space and declining funding for the arts from the proceeds of the Concerts on the Common.

The primary benefits of the separation include the heightened visibility of the City's programs for the arts, which currently serve as a relatively invisible, and functionally unrelated, adjunct to the other Business and Community Services functions. The new Department of the Arts should focus on funding programs through corporate donations and grants from other levels of government. Given budget constraints, one alternative to direct outlays on the part of the City is to develop and support external fundraising efforts intended specifically for the arts. An example of such an effort is Concerts on the Common. In its original form, as mentioned earlier, the program was intended to raise money for the arts and has since been used to generate funds to support community pools.

The City simply does not have the financial resources to commit substantial public funds to promotion of the arts. Boston allocates \$54,000 for the salaries of an Arts Administrator and staff. Baltimore, with a population of 787,000 spends \$2,249,000 (\$3.60 per person) and Seattle, with a population of 494,000 spends \$2,010,000 (\$5.96 per person), whereas Boston spends \$.10 per person.

The Committee further urges the corporate sponsors of Concerts on the Common to reassess the distribution of their proceeds to, in part, support the arts.

V. CAPITAL PLANNING

CAPITAL PLANNING

Employees: 5

Appropriations:	FY85	\$ 99,100
	FY86	192,109

Mission: The Office of Capital Planning is responsible for coordinating the planning, financing and monitoring of all capital investments by the City of Boston and developing and annually revising a comprehensive, multi-year capital plan which articulates the Mayor's investment priorities and policies.

OVERVIEW

The Office of Capital Planning (OCP) was created on July 9, 1984 to develop a comprehensive capital investment plan for the City and to coordinate the planning, financing and monitoring of all capital investments by City agencies. The Director of OCP reports to the Mayor. OCP's initial budget for Fiscal Year 1985 (FY85) was \$99,100 and its FY86 budget is \$192,109. The office currently has 5 employees and the part-time assistance of two students. The 5 employees include a Director, a Fiscal Director, two Budget Analysts and an Executive Assistant.

History of Capital Planning in Boston

As described in Boston In Transition: A Financial Analysis, prior to the creation of the Office of Capital Planning, no single City agency had City-wide responsibility for developing a long-term plan for financing Boston's capital needs. Before 1984, capital program responsibilities were split among 15 agencies, including, among others, the Public Facilities, Real Property, Public Works and Parks Departments, the Economic Development and Industrial Corporation (EDIC) and the Boston Redevelopment Authority (BRA). By law, the Public Facilities Department had (and continues to have) responsibility for generating an annual capital plan, but the agency never exercised this responsibility. In part because of this fragmentation of roles and responsibilities, Boston lacked a comprehensive, multi-year capital plan from 1963 to 1985.

Responsibilities

OCP's major responsibilities, as outlined in the Mayor's announcement creating the office, include:

- o compiling a comprehensive inventory of current and future capital projects;

- o establishing a process for neighborhood involvement in the planning and implementation of Boston's capital program;
- o establishing procedures for the preparation of capital budgets including a standardized budget format and data collection system for all City departments;
- o preparing and updating on an annual basis multi-year capital plans;
- o coordinating the loan order submission process;
- o analyzing the impact of proposed state and federal funding plans on Boston's capital projects; and
- o analyzing the ability of existing information systems to provide an interdepartmental database for planning and monitoring capital projects.

As described later in the performance assessment section of this chapter, the Mayor's Office of Capital Planning has established a coherent management agenda for achieving each of the Mayor's objectives.

CRITICAL PERFORMANCE MEASURES

The relevant measures for evaluating the performance of the new Office of Capital Planning correspond to the four essential phases of a well-designed public sector capital planning process: capital needs assessment, capital budgeting and planning, project financing, and project monitoring.

The Committee offers the following criteria as among the important measures of performance in each of the four phases of the capital planning process:

Capital Needs Assessment

From a management perspective, the quality of a capital needs inventory can be judged by the following primary criteria:

- o comprehensiveness - whether the inventory addresses the full capital needs of all City agencies in all neighborhoods, including preventive maintenance as well as new project and repair and replacement needs;
- o openness - whether the inventory considered input from non-governmental constituencies of Boston, including neighborhood organizations;
- o consistency and comparability - whether capital needs were identified and documented in accordance with standard project request forms; and
- o completeness - whether the inventory compiled the information necessary for development and

implementation of a sound capital plan, including, for each project, the following data:

- name and description
- location and service area
- status and timetable for completion
- participants and contractors
- cost
- operating budget impact
- priority ranking
- funding services
- other information required by City decision makers or Bond Counsel

Capital Budget and Plan Formulation

A well-designed capital budget and planning process should assess:

- o accuracy and completeness of the project information submitted by line agencies;
- o project readiness;
- o technical feasibility of the project;
- o agency capability to manage the project, if approved;
- o whether or not the plan proposes a financially realistic level of capital expenditures;
- o whether the timing of the budget cycle coincides with the needs of the City's decision makers for information and the ability of agencies to devote sufficient staff time to the budget process;
- o whether the plan produced contains a financially realistic level of capital experts, or represents agency "wishlist"; and
- o whether the process permits amendment and updating of information.

Capital Financing and the Loan Order Submission Process

The critical performance measures related to the management of capital project financing are specific to the Commonwealth's municipal finance laws and the City's ordinances including, more particularly, the capital financing authorization known as loan orders.

The critical measures for assessing the Office of Capital Planning's performance in this financing process include:

- o ability to identify individual projects by specific loan order, as required by law;
- o ability to analyze loan orders to the project level and assess current cash need, and future expenditures, for all projects;
- o ability to track loan order authorizations, including issued and unissued authorizations, expenditures, encumbrances and unencumbered balances by loan order; and
- o ability to review capital fund encumbrances for appropriateness and to close out balances following project completion.

Project Monitoring

The final phase in the capital planning and budgeting cycle -project monitoring - places substantial management responsibilities with the Office of Capital Planning as the only agency with an institutional position and ability to monitor capital project expenditures on a City-wide basis. Criteria relevant to measuring the success of a project monitoring effort include the ability to:

- o monitor capital project expenditures and maintenance outlays in all capital accounts;
- o control the encumbrance of capital account funds;
- o forecast and monitor project progress and cash flow; and
- o trade project expenditures for compliance with loan orders and debt limitation statutes and federal arbitrage restrictions.

ASSESSMENT OF PERFORMANCE

The Mayor's Office of Capital Planning has recorded impressive achievements in each of its areas of responsibility in its initial 20 months of operation. Despite its small staff and limited formal jurisdiction (the office was created by Mayoral announcement, not by ordinance) over line agency capital planning and budgeting, the OCP has substantially improved the City's capital planning capabilities in all phases of capital planning and budgeting, from needs assessment to project monitoring.

The primary accomplishment of OCP was the completion of a City-wide capital needs inventory and publication of a comprehensive five-year capital plan, Investing in Boston's Future.

From October 1984 to September 1985, the Office of Capital Planning completed Boston's first City-wide capital needs inventory since the early 1960's. The inventory was conducted in close cooperation with other City agencies as part of a newly instituted annual capital budgeting and planning process. It identified more than \$760 million in unmet capital needs, of which \$632 million were ultimately included in the five-year Capital Plan, released in September 1985. Much of the need represented a backlog of projects from years of underinvestment in City infrastructure during the mid-1970s and early 1980's, when municipal bond market conditions and, later, Proposition 2 1/2, severely restricted Boston's access to the public debt market.

Completed Capital Needs Assessment

Measured by the evaluation criteria described above, the quality of OCP's initial capital needs inventory was extremely high. The inventory was comprehensive in assessing the needs of all 15 City agencies involved in capital planning. This needs assessment included new projects, those currently underway and those previously approved but yet to be implemented. The initial OCP needs assessment also was an open process which considered input from neighborhood organizations and the public. While the inventory did not systematically capture City facility maintenance needs, OCP recognizes the need for expanding Boston's program of preventive, routine and unplanned capital facility maintenance.

In terms of consistency and comparability, the 1985 inventory employed standard capital budget forms which were distributed in October 1984, together with the City's first Capital Budget Procedures Manual, to all participating agencies. To ensure the accuracy, consistency and completeness of the agency submissions, OCP staff provided technical assistance to line agencies, collected and reviewed the agency requests and supporting technical, documents and conducted project site visits. Planning and technical staff from the 15 departments participated in this review process, which lasted a year.

The information collected by the OCP capital needs assessment is surprisingly complete, considering that no previous capital needs and budgeting process had been conducted since 1963. The budget request forms used in the inventory required the following information concerning each project:

- o project name and address
- o description
- o neighborhood location
- o area served by project
- o per unit cost of project
- o operating department
- o contracting department
- o useful life (important for bond issuance as well as maintenance)
- o phase (status)
- o start date and completion date (including detailed timetable)
- o total amount (cost) and funding sources
- o expenditures to date
- o planned expenditures by year for five years
- o classification criteria and priority
- o project impact on operating costs

In addition, to ensure comparability, all project cost and operating budget impact estimates were collected in current dollars, so that the OCP could apply standardized inflation estimates consistently to all projects.

Given that City agencies had no recent formal experience with capital planning, the quality of the project information collected by the OCP varied widely, according to a sampling of original agency requests conducted by a management firm retained (at no City expense) by the OCP. Nevertheless, the data collection efforts made by the Office in 1985 are impressive, and provide a solid basis for continuing improvements in the City's capital planning database.

Established a Formal Annual Capital Budget and Planning Process

A second mission of the OCP is to establish capital budget preparation procedures, including a standardized budget format and data collection and management system for all City departments. As described in the previous section of this chapter, the OCP has developed comprehensive, standardized capital budget forms and a Capital Budget Procedures Manual, which were used in preparing Investing in Boston's Future: A Five-Year Capital Plan.

Unlike a capital needs inventory, which should comprehensively document the total capital needs of the City, a capital budget and multi-year capital plan should reflect the financial constraints on the City as well as the policy choices and priorities of the Mayor. A capital plan prepared in the absence of these considerations is simply a "wishlist", and is likely to play no role in the actual capital budgeting decisions of the City, with capital spending occurring on an ad hoc basis.

To Boston's benefit, the Office of Capital Planning has been successful at developing a multi-year capital plan consistent with the formidable financial constraints faced by the City. To ensure that Investing In Boston's Future: A Five-Year Capital Plan reflected Boston's financial capability, the Director of OCP has participated as a member of the Fiscal Committee. The Committee, which includes the Assessor, Auditor, Budget Director, Collector-Treasurer, and Director of Capital Planning, develops financial guidelines for Boston's expenditures.

Based in part on parameters set by the Fiscal Committee, the OCP's capital plan contemplates capital expenditure requirements totalling \$632 million from FY86 through FY90. This figure, which includes city, state and federal dollars, contemplates annual general obligation borrowings at \$55 million per year. The remaining revenue sources for financing these expenditures include federal and state grants, user fees, dedicated local revenues, and trust funds.

One primary measure of the financial feasibility of OCP's capital plan is the plan's impact on the City's net debt service and total outstanding net debt (measured on a per capita basis and as a percentage of the net assessed valuation of taxable property in Boston). Net debt service is the annual principal and interest (debt service) paid on the City's debt, less specific revenues dedicated to the payment of that debt service. By these criteria, OCP's capital plan appears

prudent. The plan would increase Boston's net debt service by a modest 4 percent average annual rate above the current FY86 estimated level of \$62.9 million. Under the plan, the City's total outstanding net debt is projected to be \$503 million, a level \$27 million below the 1980 level. This figure represents 3.3 percent of the value of the FY85 taxable assessed property of \$15.2 billion and \$893 per capita (assuming the current census estimate). This per capita projected 1990 figure is well within the range of projected debt burdens for comparably sized cities.

Another measure of the OCP's and the Fiscal Committee's success at designing a financially responsible capital spending plan is the market's reaction to the announcement of the plan. If the investment community considered the plan financially unsound, this adverse judgment would be reflected by higher rates in the secondary market for Boston's outstanding general obligation debt and in critical commentary by rating agency professionals who judge the City's creditworthiness. In fact, when Investing in Boston's Future was announced in the fall of 1985, the secondary market remained stable. Moreover, members of the investment community quoted in the financial press indicated that the \$55 million per year borrowing required to finance the plan was a prudent level of investment.

In addition to coordinating the initial development of a five-year capital plan for Boston, the OCP has a continuing responsibility to design and manage a capital budgeting process which updates the five-year capital plan on an annual basis. The initial task of preparing Investing in Boston's Future lasted more than one year and involved a more intensive, inter-agency effort than will be required once an annual capital budgeting cycle is formally instituted and participants become familiar with the process.

OCP is currently reviewing the capital planning process which it developed during its first year of operation and is considering alternative capital planning cycles. In June 1985, the Office retained a management consultant team to review alternative capital planning cycles under consideration. The consultant team, which also provided technical assistance on project management and monitoring issues, was funded by an Incentive Aid Grant from the Massachusetts Executive Office of Communities and Development.

Coordinated Project Financing and the Loan Order Submission Process

Following completion of the capital plan a capital project to be financed by general obligation bonds must be approved through the "loan order" process. A loan order is an authorization by the City Council both to borrow money and to spend the proceeds on the projects described in the loan order. Once the capital budget is established, OCP translates it into a set of loan orders which are submitted to the Boston City Council by the Mayor after review by the Collector-Treasurer and the City's bond counsel. Once the City Council approves a loan order, the Treasurer may sell bonds within the terms of the loan order.

OCP, working closely with the Auditor and Collector-Treasurer, has substantially improved the financial controls, accounting and loan order tracking capabilities of the City. Prior to establishment of the Office, no system existed for the central control of and accounting for capital project expenditures on a project-specific or loan order-specific basis.

Previously, the City's bond counsel, who must render a legal opinion to purchasers of the City's bonds that Boston's bonds are legally valid and binding obligations of the City, lacked much of the basic information necessary to render such an opinion with confidence. According to attorneys working for the City at that time, the City's records on loan orders and capital expenditures were incomplete. The City did not track capital projects by loan order or utilize any form of numerical coding system permitting the correlation of specific projects to particular loan orders. Bond counsel was often unable to determine how much money, if any, had previously been expended under each outstanding loan order, or whether existing encumbrances related to projects underway or represented balances remaining from long-since completed projects. In terms of planning upcoming financings, the absence of project-specific information for existing loan orders left the City's financial planners with insufficient information to determine which projects were ready for financing under which approved loan orders.

When the City's credit rating was suspended following passage of Proposition 2 1/2 in November 1980, the distinction between the City's operating, or General, Fund and its Capital Projects Fund was blurred. Boston sold no bonds for capital projects between November 1980 and September 1983 and, instead, utilized monies from the General Fund to fund capital expenditures. Proceeds of later bond issues were used to eventually reimburse the General Fund, but the interim process further complicated the expenditure tracking problems by attenuating the link between capital spending and loan order approvals.

In less than two years, the Office of Capital Planning staff has addressed and corrected many of the data and accounting deficiencies in the City's past capital financing recordkeeping. First, OCP painstakingly reconstructed accounting information relating to all outstanding loan orders. (See Exhibit 1) Through this reconstruction, OCP examined all outstanding loan orders, identified each capital project to a particular loan order, and worked with the City's bond counsel to determine the status of each loan order. To establish a tracking system, the Office assigned eight-digit account numbers to all loan order projects.

This loan order analysis enabled OCP to develop a list identifying authorized but unissued loan amounts that related to projects no longer in need of financing. The list was then presented to the City Council for rescission, reducing the City's authorized loan amount by the amount rescinded. OCP's work also identified all encumbrances pre-dating 1983.

The OCP also worked with the Mayor's Office and City Law Department to coordinate the submission of 23 new loan orders. This submission required staff to review the proposed orders for compliance with debt limits and other statutory restrictions. The orders included rescissions, amendments and new orders that increased the City's capital fund by a net amount of \$124.9 million.

Additional reforms in capital projects management undertaken by OCP included the transfer, in cooperation with the Auditing Department, of all capital-related accounts, including funding sources, expenditures and contracts, to the capital fund. The Auditing Department and OCP established new capital

EXHIBIT 1

OFFICE OF CAPITAL PLANNING FILES AND RECORDS

<u>FILE/RECORD</u>	<u>M/C*</u>	<u>DETAIL</u>	<u>SOURCE</u>	<u>PURPOSE</u>
o ENCUMBERED PROJECT LISTING	C	Project title, appropriation code, contract number, vendor, original contract amount, unpaid balance	File created from project data and appropriation codes: contract information added as contracts approved by OCP	Track contract encumbrances by project and appropriation codes
o CURRENT CAPITAL BUDGET BY DEPARTMENT	C	Projects by department with budget amounts for FY86-90 period; includes approved encumbrances, existing loan orders and new orders required, as well as other funding	Existing project data, loan order files and multi-year capital plan	Monitor project status by year by department and summarize loan order information by department
o CONTRACT LOG	C	Contract number, vendor amount, scope of work, date received in OCP, originating agency, status, date released, action taken, authorizing loan order	Contracts submitted to OCP for approval	Maintain complete log of all capital contracts submitted to OCP and their status
o LOAN ORDER	C	Summary of authorized loan orders by purpose; includes dates, amount of authorization, appropriation account, amount issued inside and outside debt limit; also includes encumbrances and unexpended and encumbered balances	Comprehensive loan order file established by OCP; expenditure and encumbrance	Provide overview of loan orders and approximate balances in each

*M = manual record; C = on computer file.

EXHIBIT 1

OFFICE OF CAPITAL PLANNING FILES AND RECORDS

<u>FILE/RECORD</u>	<u>M/C*</u>	<u>DETAIL</u>	<u>SOURCE</u>	<u>PURPOSE</u>
o LOAN ORDER ANALYSIS	M	Detailed record of each loan order; name, date, purpose, special conditions, debt issued, etc.	Established by OCP from available data	Detailed background information on all loan orders; used to link project information to loan orders
o ARBITRAGE	M	Detailed record of use of bond issue proceeds; related to specific project purposes	Established by OCP from available data	Provides City record of bond fund use, to satisfy arbitrage requirements

*M=manual record; C=on computer file.

Source: Technical Review of Capital Planning, Financing and Project Management Procedures, Peat Marwick, December, 1985.

accounts for approximately \$2 million in grant special revenue held in the Auditor's suspense account and related those amounts to identifiable capital fund accounts, thereby meeting Bond Counsel requirements that the City identify all authorized fund amounts.

Initiated a Computerized Project Monitoring and Expenditure Tracking System

Now that OCP has developed Boston's five-year capital plan, it faces the task of monitoring the plan's implementation. One key to OCP's ability to oversee the plan's implementation is its ability to prevent line agencies from utilizing capital fund monies for projects which were not contained in the original capital plan. To ensure that it retained control over the disposition of capital fund monies during the plan's implementation, OCP obtained approval authority over all encumbrances of capital accounts (so-called 6 accounts). This authority is reflected in an Auditing Department communication issued in November, 1984 which states that capital accounts cannot be encumbered without OCP's prior approval.

To develop the capacity to monitor capital project expenditures and manage capital fund cash flow, the OCP recently developed a project monitoring form for identifying project timetables and collecting detailed cash flow pro formas for each project in the approved capital plan. The new form identifies the project name, department, project manager, estimated start and finish date, project cost components and total budget, appropriation code, milestones for completion and budgeted and actual cash flows. The form represents an important first step toward the generation of accurate and timely cash flow information for the City's capital fund.

Although OCP has not fully developed its monitoring capability, it has been consulting with the Director of MIS to review options for the computerization of the project information collected on the new monitoring forms.

OCP faces substantial barriers to implementation of a meaningful capital fund cash flow system, the most important of which are limited staffing capacity and difficulties in obtaining accurate contract payment data. The Office applied to the Massachusetts Executive Office of Communities & Development for an Incentive Aid Program grant to fund a Capital Funds Financial Manager, but the proposal was denied funding in January 1986. (See Exhibit 1 for a summary of OCP's current manual and computerized databases.)

Facility maintenance issues also relate directly to the success of the five-year capital plan. Of the \$630 million in public investment scheduled in the five-year plan, approximately \$400 million will be used for the repair, renovation or construction of buildings. Without proper routine, preventive and unplanned maintenance, this substantial City investment in the structures will not be protected.

To develop a maintenance improvement program for the protection of Boston's investment in the five-year capital plan the OCP, working jointly with

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To develop a maintenance improvement program for the protection of Boston's investment in the five-year capital plan the OCP, working jointly with the Public Facilities Department, issued in January, 1986 a Request for Proposals (RFP) for the development of a program to improve preventive, routine and unplanned maintenance operations. The principal objectives of the contract are to evaluate the City's past and present maintenance practices, to quantify the City's maintenance needs and to develop a maintenance improvement program. This RFP represents an important initial step toward the development of annual maintenance program standards and a comprehensive schedule of maintenance tasks to be performed for each of the City's buildings.

RECOMMENDATIONS

The Mayor's Management Review Committee's recommendations with respect to the Office of Capital Planning are:

- o the OCP should have a formal role in agency budget submissions relating to capital items, such as maintenance and repair budget items;
- o the Office should be required to inform the new Office of Budget and Program Evaluation (see Budget Chapter) of the projected operating budget impact of each year's capital budget;
- o the Office should continue to focus on the development of capital fund cash flow monitoring and forecasting ability. The proposed federal tax reform legislation (H.R. 3838) requires that 5% of the gross proceeds of all tax exempt bond issues be expended within 30 days, and that all proceeds be expended within 3 years, and imposes more stringent arbitrage restrictions. To issue debt, the City must develop the ability to forecast and monitor its capital fund cash balances relatively accurately; and
- o OCP staffing should be expanded by 2 positions, a finance manager for capital funds and a clerical assistant, increasing the number of staff to 7. The capital funds financial manager would be responsible for implementing the cash flow monitoring system described above, while the clerical staff member would assist the five other OCP staff, who currently have no secretarial support.

VI. COMMUNITY SCHOOLS

COMMUNITY SCHOOLS

Employees: 123

Appropriations:	FY 84	\$	1,089,810
	FY 85		1,659,926
	FY 86		1,851,979

Mission: The goal of the Boston Community Schools Program, developed in 1974, states: "The purpose of the Boston School Program is to stimulate the development of local community school councils in order that they may address themselves to the identification of local needs and problems, and introduce educational, social, cultural, and recreational programs, and other procedures in response to those needs and problems."

OVERVIEW

The Boston Community Schools Program (BCSP) was created in 1972 by ordinance. BCSP was established as part of the City government, under the Public Facilities Commission and independent of the Boston School Department. The BCSP was designed as a partnership between the City and its neighborhoods. The City provides core funding, facilities, and technical assistance; neighborhoods develop and implement programs in response to their individual needs. The intention of placing the decision-making process at the local level was to maximize the relevance and responsiveness of the programs as well as to provide a vehicle for community involvement and development.

Organization

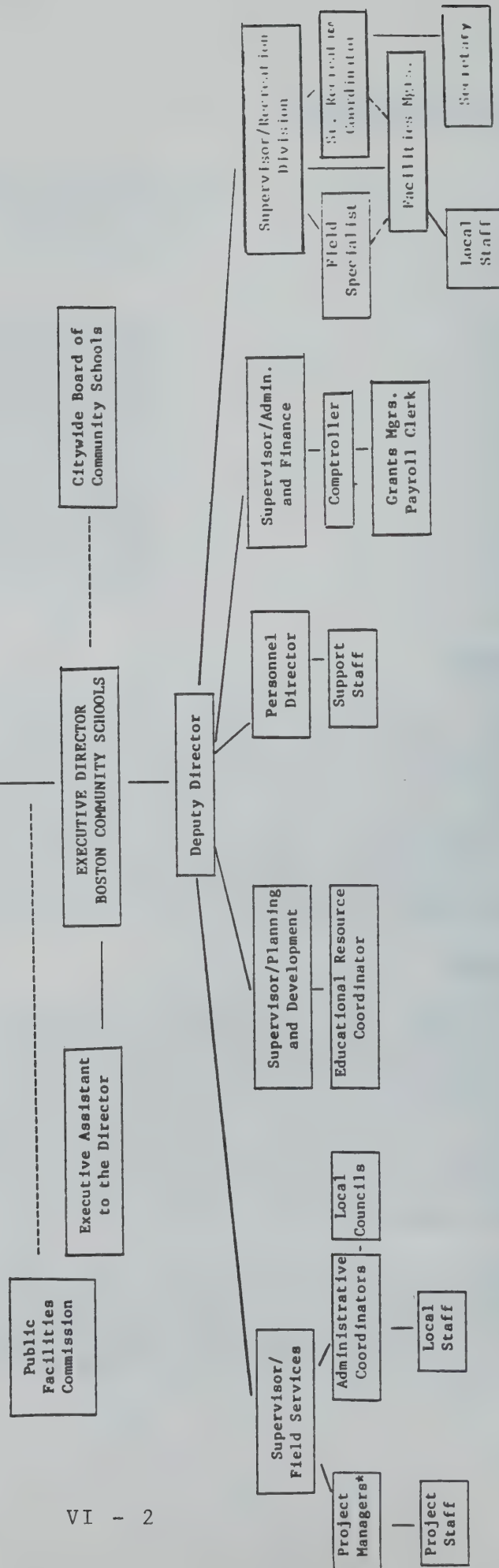
A formal Plan of Operations for the Boston Community Schools was devised in 1974 in order to outline the nature of the partnership between the City and its neighborhoods more clearly. The Plan of Operations designates the role and responsibilities of the various components of the community schools system, while maintaining flexibility to respond as the system's needs change over time. Critical duties and responsibilities outlined in the Plan of Operations include those of the neighborhood council, the administrative coordinator, the executive director of Community Schools, and the Boston Community School Board (see organization chart in Exhibit 1).

Each community school works with a local neighborhood council. The responsibilities of each local council are to assess program needs, establish appropriate programs and evaluate these programs. It is the council's responsibility to hire the administrative coordinator and to work with this person in developing a work plan for the local program. The task of the administrative

EXHIBIT 1

BOSTON COMMUNITY SCHOOLS ORGANIZATIONAL CHART

MAYOR of BOSTON



*Community Counseling
Community Child Care
City Roots
Occupational Literacy

coordinator is to manage the local community school program. The coordinator hires staff, raises additional funds, develops budgets, oversees programs, and implements policies in conjunction with the neighborhood council. The administrative coordinator is accountable to the local neighborhood council, as well as to the executive director of Community Schools. This dual reporting requires the administrative coordinator to follow both City-wide and local community school policy. The executive director of the Community Schools Program is appointed by the Mayor with the approval of the Boston Community School Board. The executive director has final administrative authority for all aspects of BCSP. He approves local program budgets and work plans and provides technical assistance to local programs using the resources of the central Office. In addition, the executive director works with the Boston Community School Board on developing appropriate guidelines for the community schools. The executive director is responsible to both the Mayor and the Boston Community School Board. The City-wide Board of Community schools includes representation from each neighborhood council. The Board has final approval of the BCSP budget before it is submitted to the Mayor. In addition to providing a forum for City-wide issues and policies, the Board also mediates conflicts between the central office administration and the local neighborhood councils.

In order for each community school to plan for and meet local needs, the Plan of Operations mandates the use of a work plan for each school. Each school is required to submit a work plan annually to the City-wide Board of Community Schools for review and to the executive director of the BCSP for approval. The plan includes descriptions of local needs and service gaps, goals and objectives, programs, staffing patterns, budgets, program evaluation plans, community resources, and technical assistance needs.

The Mayor's Management Review Committee was provided with two work plans to review as case studies. Both seemed to cover the areas required by the Plan of Operations, although general formats and degrees of specificity differed between the two examples. In conjunction with the work plan, each community school is required to submit a monthly report form to the central office and to its own neighborhood council. A review of a small sample of two monthly reports from each of two sites suggests that the format for these is standardized across sites. The monthly reports contain program information regarding specific activities, dates, times, funding sources, and numbers of participants. In addition, the reports list space rentals, management issues, non-City and non-grant income, and any other information relevant to the month's operations. Work plans are monitored and reviewed by the central office staff in its determination of the need for close management scrutiny at a particular school. Similarly, the degree of monitoring is determined in accordance with management needs at each local school.

Location

When the BCSP opened in 1972, it consisted of three schools. Currently, the BCSP includes thirty primary sites and at least fifteen satellite programs. In addition to the twenty school sites, there are a number of programs located in municipal buildings and recreational centers. During the past year, BCSP

assumed responsibility for seven recreation centers previously held by the Parks and Recreation Department. Central office staff estimate that during an average week, forty to forty-five thousand Boston residents utilize some aspect of the Boston Community Schools Program. During the summer, this figure increases to approximately seventy-five thousand.

Since twenty of the BCSP sites are located within Boston Public Schools buildings, some degree of coordination between the Boston Public School System and the BCSP is necessary. In 1979, these parties entered into a memorandum of agreement in order to facilitate this coordination. In 1983, a second, refined agreement was put into operation. The executive director of BCSP indicates that the relationship between the two parties has improved over the years and he describes the current situation as "co-existence in relative peace." During its site visits to three community schools, the Committee found that space is still a problem at the local level. Staff at each of the three schools visited suggested that the shortage of available space limits program expansion and development. There were indications that relations between BCSP and School Department personnel at the local level were important to the allocation of space. Uneven quality of custodial services was also mentioned as a constraint on the provisions and expansion of program services.

Program Offerings

Broad program areas within the BCSP include: education, recreation, senior services, child care, and social services. The content of the actual programs varies across BCSP sites depending on local needs and interests. During 1985, adult education and child care services were areas that experienced expansion within the agency. Adult education, including GED preparation and testing, job training, alternative high school programs, and English-as-a-Second Language, experienced a 25% increase in participation with numbers up to approximately 200 this year. Child care services, including pre-school and after school programs, expanded by 20% to include service to 900 families.

Budget

The Boston Community Schools Program was allocated \$1,851,979 from the City for Fiscal Year 1984 (FY84). (For more detailed budget information, see Exhibits 2 to 8). This sum represents less than half of the program's funding and is generally applied to base operating costs. This core funding is the crucial building block that provides leverage for access to additional funds. The BCSP Comptroller performs an oversight function vis-a-vis the use of city funds. No uniform, centralized source of detailed financial data which encompasses information on all funding sources and uses exists however, because a centralized policy outlining financial control procedures and bookkeeping format and structure has not been developed. Central office staff, however, indicated that detailed information is accessible but would have to be compiled through site by site review at great effort.

In addition to funding received from the City, the BCSP receives monies from many public, private and local sources. Some grants are site specific (and

EXHIBIT 2

<u>Budget Year</u>	<u>City</u>	<u>Other Public (Federal and State)</u>	<u>Private (Mostly Foundations)</u>	<u>TOTAL</u>	<u>Special Projects</u>
FY84	\$1,089,810	\$1,262,512	\$258,123	\$2,610,445	\$1,907,105
FY85	1,659,296	1,660,035	248,491	3,567,822	2,138,158
FY86	1,851,979	1,886,744	397,450	4,136,173	2,467,668

EXHIBIT 3**CITY BUDGET ALLOCATION ANALYSIS**

FY84 thru FY86
(All Budgets include Public Facilities Funds)

<u>Site</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
Blackstone	\$ 45,326	\$ 66,457	\$ 69,530
Kent/Charleston	88,500	120,696	122,733
Cleveland/Marshall/Holland	114,000	159,000	172,239
Condon	44,250	71,867	78,311
Harborside/Orient Heights	59,000	109,013	120,907
Jackson/Mann	59,000	72,959	84,315
J.P. High/Agassiz/Hennigan/Curtis Hall	114,000	247,678	296,060
Lee	44,250	69,530	75,157
Madison Park	43,174	59,072	70,000
Mattahunt	34,459	83,539	86,331
Murphy	44,250	59,989	63,839
Ohrenberger	29,220	61,361	67,094
Quincy	59,000	69,332	73,090
Tynan	44,250	63,5435	73,437
West Roxbury	50,321	57,684	68,468
Hyde Park	0	58,104	81,623
Central Office	<u>216,810</u>	<u>229,470</u>	<u>248,845</u>
TOTAL	\$1,089,810	\$1,659,296	\$1,851,979

EXHIBIT 4
PUBLIC FUNDS ANALYSIS
FY84 thru FY86

<u>Site</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
Blackstone	\$ 19,000	\$ 19,000	\$ 19,000
Kent/Charlestown	40,000	79,000	140,756
Cleveland/Marshall/Holland	45,000	102,266	96,000
Condon	80,100	112,373	88,475
Harborside/Orient Heights	100,700	117,000	117,000
Jackson/Mann	188,212	249,968	290,193
J.P. High/Agassiz/Hennigan/Curtis Hall	125,300	130,000	193,048
Lee	50,000	58,671	50,572
Madison Park	0	35,000	20,000
Mattahunt	45,000	96,981	55,200
Murphy	0	0	20,000
Ohrenberger	12,000	10,000	10,000
Quincy	486,000	564,276	701,000
Tynan	71,200	70,500	70,500
West Roxbury	0	0	0
Hyde Park	0	15,000	15,000
TOTAL	\$1,262,512	\$1,660,035	\$1,886,744

EXHIBIT 5
PRIVATE FUNDS ANALYSIS

FY84 thru FY86

<u>Site</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
Blackstone	\$ 12,225	\$ 23,000	\$ 18,000
Kent/Charlestown	11,800	5,100	29,000
Cleveland/Marshall/Holland	4,500	0	0
Condon	17,050	26,187	17,675
Harborside/Orient Heights	61,250	6,214	53,500
Jackson/Mann	13,250	45,864	27,400
J. P. High/Agassie/Hennigan/Curtis Hall	35,000	0	0
Lee	4,250	3,828	0
Madison Park	11,725	8,192	0
Mattahunt	9,107	5,890	5,950
Murphy	4,250	13,500	0
Ohrenberger	5,333	0	4,250
Quincy	46,500	98,000	90,000
Tynan	17,050	12,716	17,675
West Roxbury	4,833	0	13,000
Hyde Park	<u>0</u>	<u>0</u>	<u>93,000</u>
TOTAL	\$258,123	\$248,491	\$397,450

EXHIBIT 6

SPECIAL PROJECT ALLOCATION ANALYSIS

FY84 thru FY86

<u>Special Project</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
City Roots	\$ 113,513	\$ 210,000	\$ 256,000
Occupational Literacy Program	127,995	128,087	174,000
Community Counseling Service	422,648	287,760	360,108
Community Child Care	356,113	331,537	425,382
Summer Pool Program	105,000	135,000	135,000
Summer Lunch Program	127,036	203,515	298,713
Adult Basic Education	78,600	139,259	139,259
Community Devel. Block Grants	<u>576,200</u>	<u>703,000</u>	<u>679,206</u>
TOTAL	\$1,907,105	\$2,138,158	\$2,467,668

EXHIBIT 7

CURRENT PERSONNEL

Main Line Division	123
City Roots	16
Occupational Literacy	18
Community Counseling	17
Community Child Care	32
Jackson/Mann Day Care	14
Recreation Division	41

EXHIBIT 8

COMMUNITY SCHOOLS BUDGET ANALYSIS
FY84 thru FY86

	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
Personnel Services			
Permanent Employees	\$1,113,379	\$1,287,896	\$1,344,774
Emergency Employees	0	0	18,960
Overtime	0	0	0
Unemployment Compensation	5,000	5,000	5,000
Workmen's Compensation	5,000	5,000	5,000
TOTAL	<u>\$1,123,379</u>	<u>\$1,297,896</u>	<u>\$1,373,734</u>
Energy			
Light, Heat & Power	0	0	0
Auto Energy Supplies	0	0	0
Heating Supplies & Materials	0	0	0
TOTAL	<u>0</u>	<u>0</u>	<u>0</u>
Contractual Services			
Communications	\$ 13,000	\$ 76,000	\$ 92,000
Repair of Buildings & Structures	0	0	0
Repair & Servicing of Equipment	0	0	0
Transportation of Persons	500	500	0
Misc. Contractual Services	0	100,000	221,250
TOTAL	<u>\$ 13,500</u>	<u>\$ 176,500</u>	<u>\$ 313,250</u>
Supplies and Materials			
Food Supplies	0	0	0
Household Suppl. & Materials	0	0	0
Medical/Dental/Etc.	0	0	0
Office Supplies & Materials	\$ 4,000	\$ 4,000	\$ 6,000
Clothing Allowance	0	0	0
Misc. Supplies & Materials	13,000	13,000	13,000
TOTAL	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 19,000</u>
Current Charges & Obligations			
Other Current Charges	\$ 8,000	\$ 8,000	\$ 8,000
TOTAL	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>
Equipment			
Automotive Equipment	\$ 1,000	\$ 1,000	0
Office Furniture & Equipment	0	0	0
Miscellaneous Equipment	0	0	0
TOTAL	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>0</u>
Special Appropriations	0	0	0
Structures & Improvement	0	0	0
Land & Non-Structural Improvement	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-Personnel Services	<u>\$ 39,500</u>	<u>\$ 202,500</u>	<u>\$ 340,250</u>
GRAND TOTALS	<u><u>\$1,162,879</u></u>	<u><u>\$1,500,396</u></u>	<u><u>\$1,713,964</u></u>

generated through the initiative of individual schools), while some support projects with components in a number of schools. For example, eight day care centers are funded through a single grant. Each neighborhood council maintains its non-profit status under Internal Revenue Code Section 501(c)(3) and, as such, can pursue fundraising independently without the legal obligation to produce an annual certified audit. Additional funds are then raised through program fees, facility rentals, and community fundraising activities, as well as through grants obtained by the local community schools.

CRITICAL PERFORMANCE MEASURES

To be maximally effective as management tools, the critical performance measures used to monitor and assist the Boston Community Schools Program (BCSP) must be meaningful to the various layers of management concerned with the program--the Mayor, the City-wide Board of Community Schools, the program's central office staff, the administrative coordinators of the thirty community schools and their local councils. Effective management coordination across these levels demands that program achievements and failures be measured using a common set of indicators or measures that are intelligible and that mean the same thing to all concerned. The extremely diverse and decentralized nature of the various types of programs planned and implemented by the local councils and administered by the Boston Community Schools Program somewhat complicates the task of specifying measures which adequately address the needs of the various levels of management concerned with the program. However, by starting with a review of the program's mission statement as presented in its overall Plan of Operations dated June 15, 1974, a set of broad indicators can be derived and then further refined for application to the various levels and types of diverse programming conducted by the Boston Community Schools Program:

The purpose of the Boston Community Schools Program is to stimulate the development of local community school councils in order that they may address themselves to the identification of local needs and problems, and introduce educational, social, cultural, and recreational programs, and other procedures in response to those needs and problems.

The mission statement clearly suggests that any performance assessment address two broad questions:

- How effective has the BCSP been in the development of local community school councils which set local program priorities in response to local needs?
- How effective are the programs created by the local community school and their councils in meeting identified needs?

Development of Local Councils

Regarding this broad issue the effectiveness of the BCSP in stimulating the development of local community school councils to develop and guide the program at the local level can be measured using three indicators:

- Council Existence -- Have councils indeed been established for each Community School?
- Composition -- Are members of the councils generally representative of their local communities such that they are in a position to identify local needs and set priorities?
- Level of Involvement -- How often do councils meet? Is meeting attendance by Council/members high?
 - Do council members participate actively in development and monitoring of the local schools' annual work plans?
 - Do councils provide adequate guidance and management oversight to the local schools?
 - Do individual councils' delegates to the Citywide Board of Community Schools actively participate in Board functions?

Effectiveness of Programs

Appropriate performance measures should ideally reflect both the level and quality of services provided. From the broadest perspective, level of service indicator(s) should reflect the extent to which a given service offered by the community schools meets local needs for the service as established by the local council as the service level goal in its annual work plan. For example, if the council determines that 30,000 families require day care services, we can examine how effective the Community Schools have been in meeting this level of need? Clearly such a quantitative measure is instructive but can't by itself be the only measure of performance. Like most organizations, the community schools are constrained to one degree or another by the funding and other resources that they are able to mobilize and the priorities they use to guide the allocation of these resources.

Therefore, a performance measure which assesses performance in light of available resources is required. Level of service (e.g., number of people served) provided per dollar of available resources is a measure which affords management a clearer view of how productive a school is in using the resources at its disposal to deliver a given service. In addition to dollars, the other key resources available to a community school includes its facilities and its staff; therefore, other expressions of this productivity measures might include "number of

individuals served per 100 square feet of available facility space" and "number of individuals served per staff member." Still another measure which must be considered is the "cost per participant served"; in contrast to the productivity measures suggested above, this type of measure assists management in comparing the return on the program's investments in serving the needs of the average program participant with the costs of alternative ways of serving those needs.

The application of these types of measures to the BCSP is somewhat problematic because of the diverse types and levels of services offered by the thirty community schools. For example, the expected number of children served in a day care center per hundred dollars of program budget (or, for that matter per staff member or per 100 square feet of space) is likely to vary widely from the number of senior citizens served or English as a Second Language (ESL) students instructed per hundred dollars. The same holds true for the "cost per participation" type measure. Consequently, the most meaningful and practical application of these measures is at the service level (e.g., day care, ESL, pre-school, seniors programs, etc.) rather than at the more aggregate community school level. This suggests an array of performance indicators such as that displayed in Exhibit 9. These measures of the level of services provided by the BCSP can be applied at the local school level, facilitating comparative performance assessment across local schools, and on an aggregate program wide basis, facilitating the monitoring and assessment of the overall program. They can also be used to detect changes in productivity over time at the individual service level, local community school level and aggregate program level.

The level of service provided by local community schools is often greatly enhanced when the funding provided by City funds is augmented by funds obtained from federal, state, and private sources. These outside funds are critical, in the aggregate representing over half of the BCSP's funding. They are mobilized by the efforts of the individual local councils and community schools staffs, as well as through the coordinative efforts of the BCSP central office with other City and State agencies. Thus a critical adjunct to the level of service performance measures must be some measure of the leverage gained on the core City funding through the grant writing and fund raising efforts of the various levels of BCSP management. A straight-forward expression of this leverage measure is "dollars raised per dollar of City funding." It can be appropriately applied at the service, individual school, and program-wide levels and should be considered a critical measure of overall program financial health and potential longevity.

In addition to monitoring the level of service, program management, and policy makers must also be concerned with the quality of the various services provided to program participants. Once again, the diversity and large number of types of services provided by the thirty community schools necessitates the selection of performance measures at the individual service level rather than at the aggregate program level. In the case of some of the services provided, quality standards are determined and imposed by authorities external to the BCSP. For example, the State regulates day care services through the imposition of quality of care standards governing such issues as the number of children that can be served per staff member and facility conditions. The

Performance Measures Program Services	# Actually Served			# Served per \$1,000 of Total Budget	# Served per \$1,000 of City Budget	# Served per 100 Sq. Ft. of Available Facility Space	# Served per Staff FTE	Leverage: Outside Funds Raised Per Dollar of City Funds
	Actual	Planned	%					
<ul style="list-style-type: none"> <u>Educational</u> <ul style="list-style-type: none"> - Pre-School - After School - Adult (non-GED) - GED - ESL - Other TOTAL								
<ul style="list-style-type: none"> <u>Child Care</u> <ul style="list-style-type: none"> - Infant - Other TOTAL								
<ul style="list-style-type: none"> <u>Recreational</u> <ul style="list-style-type: none"> - Summer - School Year TOTAL								
<ul style="list-style-type: none"> <u>Senior Citizens</u> 								
<ul style="list-style-type: none"> <u>Social Services</u> 								
<ul style="list-style-type: none"> <u>Other</u> 								

quality of high school equivalent education may be indicated by the ratio of students who passed the GED exam to the total number of students taking GED instructions. Similarly, the quality of services provided by a high school drop-out program like BCSP's City Roots program can be measured in terms of the number of participants that ultimately receive their GED and a job; job retention rates for City Roots graduates represent additional critical performance indicators for that BCSP service and similar employment generation efforts.

Another approach to the measurement of service quality which might be used to augment or temporarily substitute for the types of more rigorously defined indicators just discussed is the use of participant satisfaction measures. This approach involves the systematic use of surveys administered to participants (or their parents/guardians) to determine whether or not they are satisfied with various aspects of the particular service(s) provided by the local community school. Properly designed and administered, these satisfaction surveys can provide valid, managerially useful measures of both service quality and level as perceived by the intended beneficiaries of the community schools' efforts.

It was observed during interviews that several community schools conduct periodic surveys in their communities to identify local needs and priorities. The addition of questions regarding level of satisfaction with current services provided would be a relatively cheap and effective way to assess the perceived quality of existing programs. It appears that some of the community schools have made efforts in this direction, although a systematic approach is not in operation.

ASSESSMENT OF PERFORMANCE

The previous section outlined two broad areas of performance which, in light of their prominence in the BCSP mission statement, must be considered in any management assessment of the BCSP:

- Development of local councils; and
- Effectiveness of programs.

Development of Local Councils

The first area concerns the development of local councils which are supposed to identify local needs, specify work plans, and oversee the activities of the local schools. Although the Mayor's Management Review Committee was able to visit only three of the twenty currently operational sites, significant evidence was found of the existence and functions of the local councils. Each has developed a work plan for the current fiscal year which is on file at the BCSP central office. Based upon discussions with central office staff, representatives of the three sites visited (East Boston/Harborside; Jackson-Mann; and Quincy), and an interview with the current chairman of the City-wide Board of Community Schools, the local councils are generally representative of their local neighborhoods and have historically been active in planning, fundraising and

general program oversight. There is some variance in the degree and consistency of active involvement by the memberships of the local councils. The level of activity tends to increase during the annual budget and work plan preparation cycle and during periods of perceived threat and opportunity. For example, some councils reportedly quite effectively mobilized and demonstrated their support for the BCSP during the period under the prior City administration when significant budget cuts were enacted. At the same time, some councils became less active during this period of reduced funding. Several individuals interviewed during the course of this management review indicated that some of the councils are currently experiencing low or uneven levels of participation by their memberships; efforts to rejuvenate the councils are underway at some sites. Similarly, the City-wide Board has experienced a declining degree of participation among local council delegates in the past year. The current chairman cited a present lack of major issues or rallying points as one possible cause. He is considering a shift from a monthly to a quarterly meeting schedule for the full Board, with monthly Executive Committee meetings to provide on-going oversight and guidance. He indicated that the provision of a staff position to the Board would allow for more effective coordination and mobilization of local council activities. Overall, based upon the information obtained by this Committee, it appears that this proposal and other efforts to further stimulate and support the efforts of both the local councils and the City-wide Board should be given serious consideration, for these bodies are critical to the effectiveness and longevity of the BCSP.

Effectiveness of Programs

The second broad area of performance assessment for the BCSP would ideally involve the application of the various measures of the level and quality of services cited earlier in this chapter. However, the data currently required to generate these measures is not systematically collected and compiled by the BCSP central office. While acknowledging that these or similar data would in fact be useful in performing their various management functions, the management staff has not yet developed a uniform, data-based performance measure system. BCSP staff indicated that it would take many days of work at the local level to collect the data requested in Exhibit 9.

In place for only the past two years, the current central office management relies upon reviews of the local sites' monthly reports, occasional updates of annual work plans, and the ongoing communications between central office staff and the local school coordinators and local councils as sources of management information. Given the local control principle upon which the program is based, it is not appropriate that the central office seems to have adopted the philosophy of management by exception. More management attention is directed to sites which have difficulties or which seem to be less well managed at the local level. Development of a system to monitor service delivery performance is a management priority, according to the BCSP management staff. There are indications that BCSP staff at both the central office and local sites levels are very energetic, talented, and committed to the goals of the program. The competence to design an appropriate performance measurement system appears to exist within the central office. While some assistance may be required to implement a suitable microcomputer-based

system, the main constraint is the level of priority placed on the need for this management tool. The Committee recommends that priority of this item be elevated substantially in the next year. This Committee was encouraged to note that much of the data necessary to measure performance is collected at the local level. The next step is to create procedures to standardize collection, transmit information to the central office, and compile it into a form suitable for management use.

During site visits to three community schools, an issue surfaced that allegedly constrains the level of service the schools can provide. This issue is the poor quality of facility maintenance and repair experienced by these schools and, according to their staff, by all other community schools as well. The Committee representative observed several facilities with rooms that could not be used because of needed repairs. In some cases, the solution was as simple as the replacement of burned out light bulbs, while in other cases, major repairs had gone unattended for months. Poor relationships between the custodial staffs of the public school system and the community schools staff were often cited as the reason for the maintenance problems.

As shown on the BCSP organization chart (Exhibit 1), financial control of the program is maintained by a Supervisor of Administration and Finance (position currently vacant), to whom a comptroller reports. Reporting to the comptroller are a grants manager and a payroll clerk. The major task of this staff is the management and the processing of the payroll that represents the main portion of the City funding provided to the program. All local school and central office personnel are City employees. All programs submit weekly timesheets to the central office for processing.

While the comptroller provides local schools with technical assistance on budget issues as they need it, no uniform financial management and control procedures have been developed by the central office for the local schools' guidance. According to the comptroller, the local schools do not submit detailed financial reports on a service by service basis to the central office, except to the extent that such financial information is contained in the annual work plans in a monthly Treasurer's Report submitted by local councils. The central office does not currently maintain a systematic database on the fundraising efforts of local schools. This makes it difficult to routinely measure the effectiveness with which City funds are being leveraged at the local level. This data is available, however, in one form or another, from each local school. On the other hand, each school is instructed to include information on all revenues generated locally from facility rentals, membership fees and class fees in the coordinator's monthly report to the central office.

Within the local schools, the coordinator tends to handle most budget and financial issues according to the comptroller. Four of the schools employ bookkeepers at least part time. Next year, the comptroller hopes to see a part time bookkeeper budgeted for each school. The Committee supports this plan. This position should encompass not only financial reporting to the central office but also the compilation and reporting of the program service level data that are required for performance measurement as outlined earlier in this chapter.

While the BCSP could not provide the Committee with the data necessary to assess performance as outlined above, the Committee was able to obtain some data on three special projects which are directed by project managers operating out of the central office. Exhibit 10 illustrates use of the available budget and participation level data to present the cost-per-participant experience over the past three fiscal years of BCSP's City Roots high-school drop-out program, the Community Counseling program and the Occupational Literacy program funded by the Boston Housing Authority. Over the past three-year period, the City Roots program has grown, both in terms of its budget allocation and number of participants. Cost-per-participant grew by 15.5% between FY84 and FY85 and again slightly between FY85 and FY86. In the case of Community Counseling, however, while budgets and participation levels both increased, cost-per-participant declined slightly between FY85 and FY86. Finally, the participation level in the Occupational Literacy Program more than doubled between FY84 and FY85, while the budget remained essentially the same. In FY86, the budget increased by over 35% with only a 5% growth in participation level.

Clearly, in each of these three programs, there have been substantial fluctuations over time in the cost-per-participant served. But based on this data alone, it is impossible and inappropriate to draw conclusions about program performance. The point of this illustration, however, is that the programs do draw management's attention and invite further questions. For example, has the City Roots program become less efficient since FY84, or has it invested more funds and delivered a higher quality of service? Has the Occupational Literacy Program reduced the quality of its service, increased its efficiency, or attained some of each? Clearly the numbers available are by themselves insufficient to ensure answers to these questions. But in the hands of the knowledgeable and highly motivated BCSP staff, these indicators and the others recommended earlier will prove to be valuable management tools if they are compiled systematically and with appropriate frequency at the service, local school and cross-site levels.

RECOMMENDATIONS

Based on its assessment, the Committee is suggesting the following:

- Establish staff support for the City-wide Board of Community Schools;
- Develop a uniform reporting system; and
- Develop a performance monitoring system.

Staff Support

The Committee proposes the establishment of a mechanism for the provision of effective staff support for the City-wide Board of Community Schools and the Chairman and Executive Committee in the scheduling of Board meetings and other activities. This would stimulate and maintain a high level of participation at the Board and local council levels. A part-time staff position costing \$6-10,000 annually may be required.

EXHIBIT 10

COST PER PARTICIPANT DATA

<u>SPECIAL PROJECTS</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
<u>City Roots</u>			
Budget	\$113,513	\$210,000	\$256,000
Number of participants	75	120	144
Cost per participant	\$1,514/ person	\$1,750/ person	\$1,178/ person
<u>Community Counseling</u>			
Budget	\$422,648	\$287,760	\$360,108
Number of participants	NA	1,260	1,680
Cost per participant	NA	\$228/ person	\$214/ person
<u>Occupational Literacy</u>			
Budget	\$127,995	\$128,087	\$174,000
Number of participants	104	213	225
Cost per participant	\$1,231/ person	\$601/ person	\$773/ person

Develop and Implement Uniform Financial Reporting System

This system will promote better overall fiscal control, and generate a financial database useful for program planning and better information sharing regarding effective fundraising tactics and sources among community schools. The system should be developed in conjunction with the Program Performance Monitoring System recommended below. The Committee also supports the Comptroller's desire to have each local school budget for and hire at least a part time bookkeeper.

Develop and Implement a Program Performance Monitoring System

The system should provide for the routine reporting of program participation levels, funding, quality indicators, and other data necessary for performance measurement as outlined in this chapter. Data should be reported at the individual service level. At least initially, a paper-based system should be sufficient at the local level, but the monthly data should be entered into a microcomputer database by a clerk at the central office. Off-the-shelf hardware and database management software are adequate to the program's needs. The system should feature a series of routine monitoring reports for use by central office management staff. Local schools should receive feedback reports which summarize their performance individually in comparison with the average performance of the other sites; the range for each measurement should also be provided. To maximize the system's effectiveness at both the central and local levels, its design should provide for inputs by knowledgeable staff at both levels.

To the extent possible, the monthly financial reporting requirement recommended above should be integrated into this system. Care should be taken to minimize the amount of paperwork required by the system. The Committee believes that most of the data required to produce the performance measures recommended in this chapter are already being collected in some form by local community schools. Thus, the system's design should be an expansion and refinement of the record keeping already performed at the local level in order to minimize the disruption and data collection burden imposed by the new monitoring system.

The design of the system should be undertaken by central staff with input from the local level. In addition, a consultant may be required to assist with the selection of hardware and software and with the design and implementation of the most efficient reporting formats, data entry specifications, and report generation procedures. Hardware and software costs are estimated at \$15,000. Consultant time is estimated at \$10,000. A clerk or MIS specialist to operate the system, provide technical assistance at the sites, and generate reports on the microcomputer may cost another \$20,000 per year.

Central office staff should assess the extent of the facilities maintenance problems being experienced by some of the community schools, with steps being taken to improve the relationship with custodial staffs, perhaps with the assistance of officials of the public school system.

VII. CONTRACTING AND PURCHASING

CONTRACTING AND PURCHASING

OVERVIEW

No department is responsible for monitoring all aspects of the City's contract process and providing the Mayor information he needs to determine if the contracting system is open, competitive, efficient and effective. The Mayor needs timely, accurate information about all of the City's operating departments and agencies. Individual City operating units must be responsible for their actions and regularly report on their activities, to describe in statistical form what they produced or how many units of service they delivered. However, no department in the City is solely, managerially responsible for the contracting function. As a result, the Mayor cannot always gain access to the information he needs to successfully evaluate the contracting system.

There are basic differences among the City's purchasing and contracting systems which make a joint review problematic. The fundamental difference is the fact that the City's purchasing system is at least partially centralized through the Purchasing Division of the Administrative Services Department. The contracting system, however, is completely decentralized. Approximately \$500 million is disbursed annually by the City to some 2,000 vendors through more than 2,500 contracts, but no overall contract management information system capable of providing detailed summary information has yet been put in place.

Much better information is available on the City's purchasing system, largely because the data is centralized in the Purchasing Division. In Fiscal Year 1984 (FY84), for example, the Purchasing Division executed 424 purchasing contracts for \$25.6 million and processed 7,950 purchase orders accessing these commodities.

Given these and other differences, discussed below, the Committee decided to prepare a separate set of measures and recommendations for each of the two systems.

The Contracting System

Boston has a decentralized contracting system, consisting of 42 separate departments, agencies and boards, and five other entities: the Budget Office, the Law Department, the Auditing Department, the Mayor's Office, and the Boston Finance Commission. All of these bodies are involved in reviewing some, or all, of the 2,500 contracts, but no one department or individual has responsibility for managing the entire process.

Types of Contracts. Contracts can be broken into different categories by type of good or service procured and by method of procurement. There are four principal types of contracts classified by type of service or good procured. The

first category is commodity purchases, which include such goods as food, office supplies or printing. These types of contracts will be examined in the section on Purchasing. The second type of contract is for services such as facility repair or school transportation. The third type of contract is professional services contracts, which include medical, legal or engineering services, and the final category is repetitive services contracts. Examples of this fourth kind of contract are snow removal or equipment maintenance.

It is also possible to create categories based on method of procurement. Some contracts, for example, result from a public bidding process involving widespread advertising. Others result from a less public process which involves little public advertising. Still others result from a process where multiple vendors "qualify" to perform certain kinds of advertised work but where individual departments have wide latitude in selecting from the group of eligible vendors when actually awarding specific contracts. These three procurement methodologies -- advertised, unadvertised, and multi-vendor contracts -- can be used to obtain commodities, services, professional services, or repetitive services.

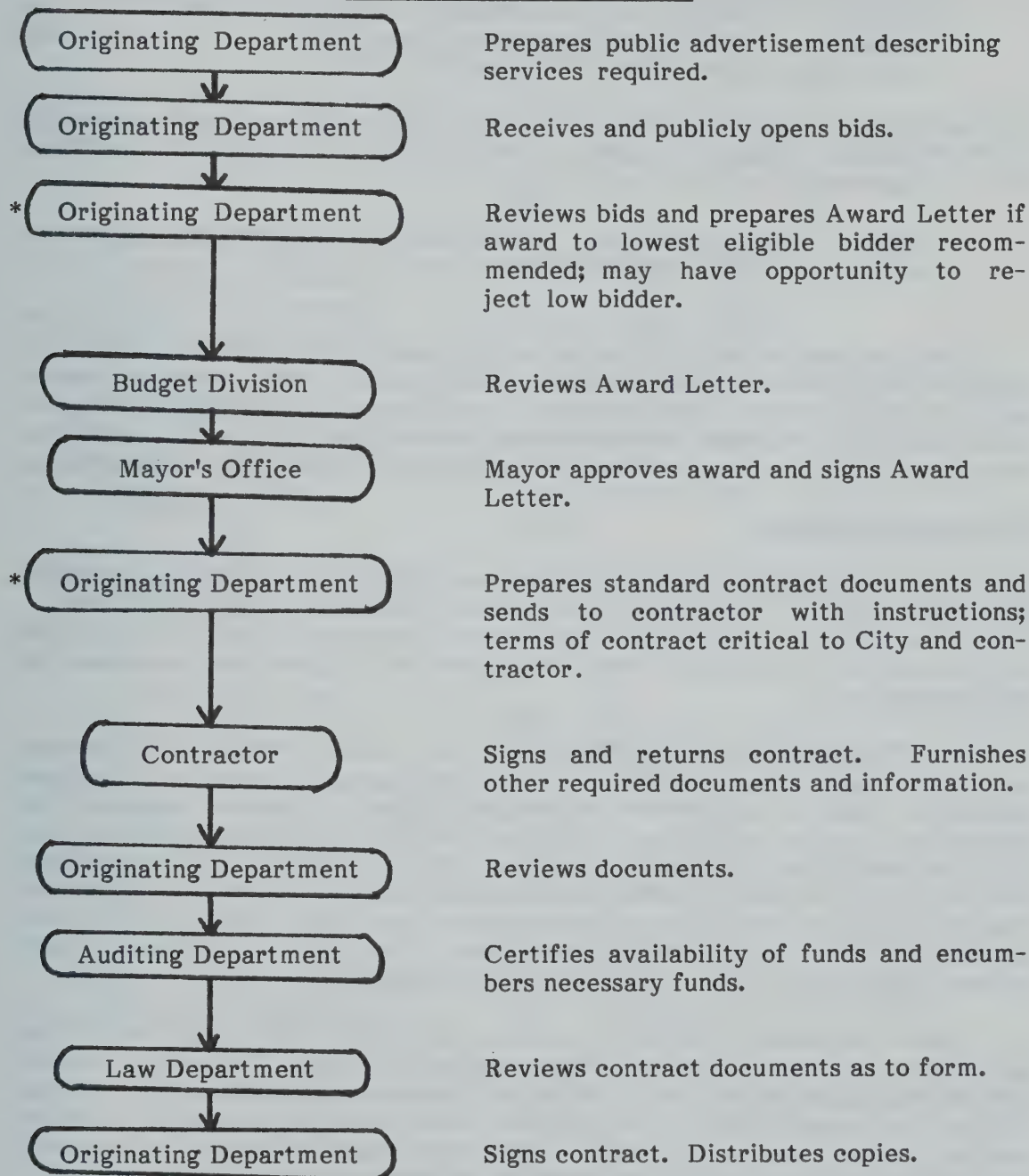
The Routing System for Advertised Contracts. A step-by-step review of the simplest contracting system -- that for advertised contracts -- will underscore the complex web of relationships and overlapping jurisdictions which govern the contracts management process. (Exhibit 1).

- **STEP 1** - Originating Department prepares newspaper advertisement using Form CM 1. The advertisement is submitted to the City Record and to general circulation newspapers as required. The Department then prepares a bid package containing a copy of the ad, a statement of general contract conditions, form CM 11 project specifications, form CM 4, a notice to bidders, form CM 3 and a proposal application, form CM 7. Interested vendors must complete form CM 7 in duplicate and send one copy to the Originating Department and another to the City Auditor.
- **STEP 2** - Originating Department opens all bids and examines each for conformity to the advertised specifications.
- **STEP 3** - Originating Department prepares an award letter to the winning vendor which is signed by the Department Head and sent to the Budget Office.
- **STEP 4** - Budget Office reviews the award letter to insure that the contract conforms to Administration spending priorities and sends it to the Mayor's Office.
- **STEP 5** - Mayor reviews the award letter, signs it, and returns it to the Originating Department.
- **STEP 6** - Originating Department prepares a standard contract, form CM 10, and prepares a mailing to the winning vendor. This mailing includes a cover letter, a standard contract, a Certificate of Authority, form CM 6, a Performance Bond, form CM 5, and a signed copy of the award letter.

EXHIBIT 1

CONTRACTING PROCEDURE: WHAT HAS TO HAPPEN BEFORE A CITY CONTRACT IS SIGNED

ADVERTISED CONTRACTS



SOURCE: Boston in Transition: A Financial Analysis

* Stages where considerable discretion exists and where definitive written policy guidance, criteria and procedures and/or top management oversight appear to be very limited or non-existent.

- STEP 7 - Vendor receives the packet, signs the contract, and returns it to the Originating Department along with any other required documents or information.
- STEP 8 - Originating Department reviews all documents for completeness and accuracy, and sends forms CM 4, 5, 6, 7, 10, 11, and the original award letter to the Auditor's Office.
- STEP 9 - Auditor certifies that monies are available and encumbers the necessary funds. Auditor forwards the documents to the Law Department.
- STEP 10 - Law Department reviews the contract for form and returns documents to the Originating Department.

This complex process is currently used to process all advertised contracts. Exhibits 2 and 3 show that the routing process for unadvertised and multi-vendor contracts involves even more steps and, in the case of unadvertised contracts, more agencies. The process can take anywhere from one to six months to complete. For all too many vendors, the process itself discourages participation.

The Purchasing System

The Purchasing Division. The Purchasing Division is headed by the City's Purchasing Agent. The Division has three operating units -- Procurement, Finance and Administration, and Copy Center Operations. The Division's eight buyers have sole authority for the procurement of all goods and materials for line Departments.

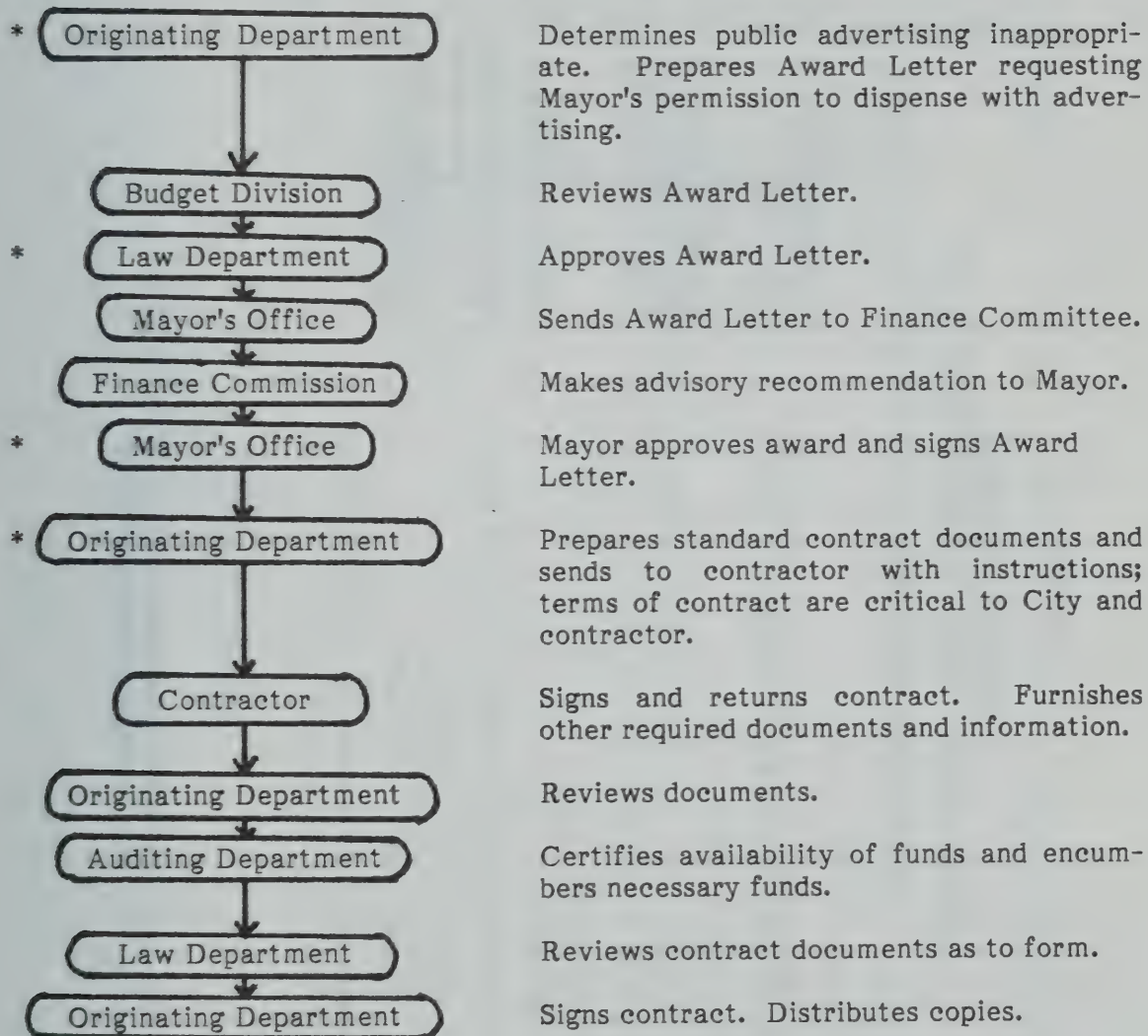
The Purchasing Routing System. The routing system for purchase contracts is included as Exhibit 4. Briefly, a department prepares a purchase requisition which it submits to the Budget Office. If Budget approves the requisition, it is sent on to the Purchasing Division. If the item costs less than \$500, the buyer gets telephone quotes from three or more vendors and awards the contract to the lowest bidder meeting specifications. If the cost is greater than \$500 but less than \$2,000, the buyer gets three bids in writing and awards the contract to the lowest responsible bidder. If the cost of the commodity is greater than \$2,000, a formal bidding procedure begins.

After advertising, the buyer receives and opens bids. After review, an award letter is prepared for the lowest responsible bidder. This award letter is sent to the Mayor for review. If the Mayor signs the award letter, it is returned to the Purchasing Division; the Division then prepares a standard purchase contract which is sent to the vendor. The vendor signs and returns the contract to Purchasing, which reviews the vendor's response and sends the packet on to the Auditor who checks for appropriate funds. The Auditor sends the contract to the Law Department, which returns it to the Purchasing Division if the contract is in proper form. The Purchasing Division then prepares a purchase order which is sent to the Auditor, who encumbers the necessary funds. At the end of the process, the Purchasing Division sends the original copy of the purchase order to the vendor.

EXHIBIT 2

CONTRACTING PROCEDURE: WHAT HAS TO HAPPEN BEFORE A CITY CONTRACT IS SIGNED

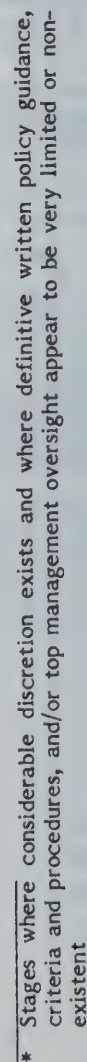
UNADVERTISED CONTRACTS



SOURCE: Boston In Transition: A Financial Analysis

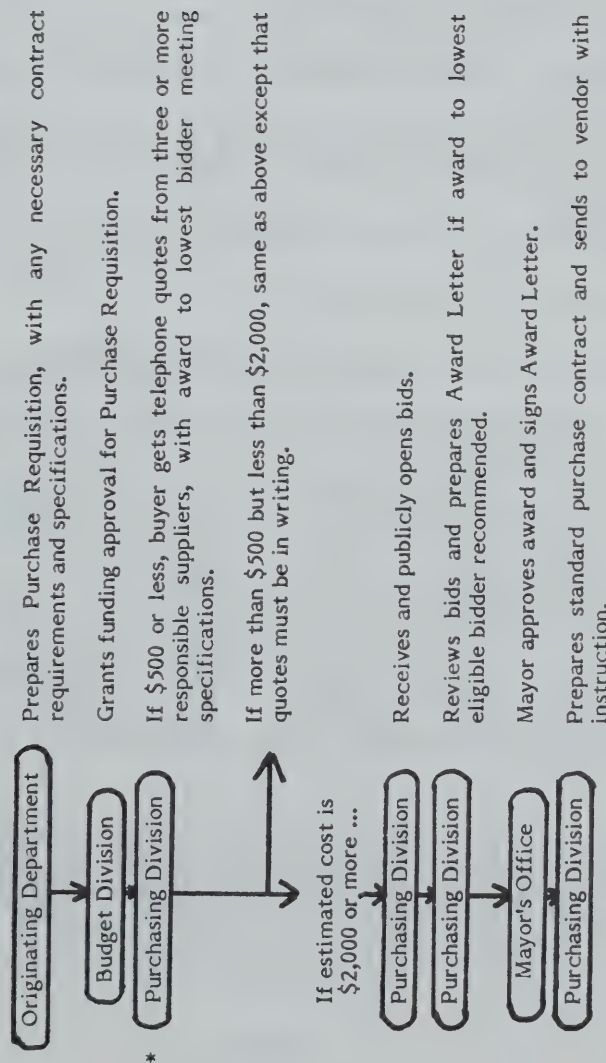
- * Stages where considerable discretion exists and where definitive written policy guidance, criteria and procedures, and/or top management oversight appear to be very limited or non-existent.

CONTRACTING PROCEDURE:
WHAT HAS TO HAPPEN BEFORE A CITY CONTRACT IS SIGNED
MULTI-VENDOR REPETITIVE SERVICES CONTRACTS

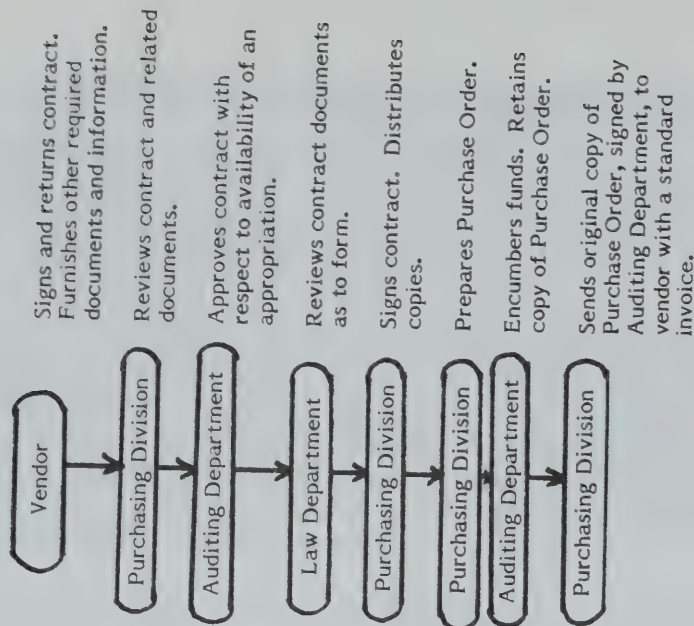


CONTRACTING PROCEDURE:
WHAT HAS TO HAPPEN BEFORE A CITY CONTRACT IS SIGNED

PURCHASE CONTRACTS



* Stages where considerable discretion exists and where definitive written policy guidance, criteria and procedures, and/or top management oversight appear to be very limited or non-existent.



SOURCE: Boston in Transition: A Financial Analysis

CRITICAL PERFORMANCE MEASURES: CONTRACTING

The Committee considered three possible approaches to evaluating the contracting and purchasing systems. First, one could attempt to determine whether the system is fundamentally sound or open to all and competitive. Second, one could attempt to assess whether the system is internally well organized and well managed. Finally, one could ask whether the system is working in the interests of all taxpayers by delivering the best possible goods and services at the lowest possible prices. The Committee was fortunate that the first of these questions was addressed earlier in the report Boston In Transition: A Financial Analysis (the Transition Report) prepared for Mayor Flynn. The Committee has chosen to focus on the second question in hopes of helping the City create the kind of contracting and purchasing monitoring systems necessary to realistically tackle the third question. In this context, the Committee considered the following performance measures for the contracting system:

- Provision of timely information on contracts, which is necessary in managing the contracts process and in facilitating coordination between departments;
- Minimal delays in contract awards;
- Application of the formal contract rules by departments;
- Early publication of unadvertised contracts; limiting of such contracts to exceptional circumstances;
- Access for minority owned or smaller businesses;
- Minimum costs for taxpayers; and
- Appropriate allocation of administrative resources.

"In Utopia the process of evaluating a program would be as follows: (1) at the time a program was approved, its objectives would be clearly stated; (2) as a part of the plan for implementation, quantitative ways of measuring the attainment of these objectives, that is, criteria or results measures, would be set forth; (3) at a specified time after the program had been in operation, an evaluation team would collect data on actual attainment and compare these with the stated criteria; and (4) based on this comparison, a judgment would be made as to the program's success or failure, and appropriate action would be taken to continue, modify, or stop the program. Unfortunately, in the real world, things don't work out that way." Source: Management Control in Nonprofit Organizations, Robert Anthony and David Young, Richard D. Irwin, Inc., 1984, p. 562.

Evaluating the City's contracting system is different from evaluating a specific contracted activity. Consider the process of evaluating a program to plant trees in an otherwise treeless neighborhood. A department might allocate \$5,000 for the job and plan to obtain 100 trees at a cost of fifty dollars per tree.

The tree planting program might be considered efficient if the trees were obtained for only \$40 per tree. However, it might be ineffective if all the trees were planted on one street or if all the trees died in the first winter. In either case policy makers, before choosing to implement a tree-planting program, would identify goals (planting the trees), outline a timetable, quantify the goals (plant 100 of them) and implicitly agree to certain criteria for evaluating success (whether the trees live or die).

The City should consider whether or not the existing contracting system is congruent with the goals articulated by Mayor Flynn in his February, 1984 Executive Order. At that time, the Mayor ordered City Departments to (1) reduce the use of unadvertised contracts, (2) expedite the contracts approval process, (3) increase the participation of small, minority-owned, and female-owned businesses in the contracting process, and, ultimately (4) lower overall municipal costs by increasing competition.

These goals can potentially be at odds with one another. Greatly increased participation by vendors, for example, might require additional staff to review the new responses to RFP's. Set-asides for small businesses might result in higher prices for necessary City services. This ambiguity is necessarily built into any review of the activities of a nonprofit organization, where managers must try to reconcile often conflicting organizational goals. However, the Committee believes that the Mayor should again articulate a set of goals for the contracting system based on openness, efficiency, and effectiveness. An open contracting system is one where competition thrives and where all eligible vendors are treated equally. An efficient system is one whereby the City obtains the goods and services it needs at the lowest possible cost, including the actual procurement cost. Finally, an effective system is one in which the efficiently procured goods and services are utilized in a planned fashion to address the larger policy goals of both the line agencies and the Mayor.

ASSESSMENT OF PERFORMANCE: CONTRACTING

In summary, these are the findings of the Committee:

- The City lacks the timely information necessary for managing the contract process;
- The contract process is unwieldy and time-consuming;
- The system is governed by antiquated rules;
- Departments often openly violate formal contracting rules;
- Unadvertised contracts are still published late;
- The system remains essentially closed to most smaller and minority owned businesses; and
- The system leads to higher costs for taxpayers.

The City Lacks Timely Information Necessary to Manage the Contracts Process

The biggest single failure of the City's contracting system is the inability of managers to obtain adequate, timely information about contracts. The Committee heard the same story in each department -- individual contract staff were making phone call after phone call trying to track down a contract which was missing somewhere in City Hall. Several departments in the loop -- notably the Auditor's Department -- knew the status of contracts which were in their departments, but no departments had a firm grasp on the entire contracting routing process.

Several contract monitoring software products were in development in City Hall. MIS has completed development of a PC based system to serve as the database management package for the frequently proposed City Contracts Office. A mainframe contracts management program, in development for over two years, remains months away from completion. A third software package, a mainframe financial management program, is due for completion this summer and might help to provide aggregate data for managers interested in the contracting system.

One inevitable result of inadequate information about contracts is a lack of coordination among departments. Occasionally a vendor will perform poorly for one department but will be hired by another which knows nothing of the vendor's history. Similarly, a vendor might charge two different prices to two different departments for the same service.

The Contract Process is Unwieldy and Time-Consuming

Some of the stops on the contracts routing process could be eliminated. A Contracts Office, located in the Administrative Services Department, could implement a simultaneous routing system to replace the current sequential system.

The Committee was provided with a detailed analysis of the average number of working days it took to process one Department's contracts after the Department -- the Office of Jobs and Community Services -- itself had selected the vendors. (Exhibit 5). It was clear from this review that long delays were particularly frequent in the City's Law Department. Some observers suggested that the Law Department's review was more comprehensive than that of other departments; others believed that Law Department staff charged with contract review responsibilities were overworked.

The System is Governed by Antiquated Rules

Contracting and purchasing procedures in the City are governed by both local legislation contained in the City of Boston Code and by numerous statutes which are contained in the Massachusetts General Laws. An example is the \$2,000 bid limit. The \$2,000 bid limit is archaic and should be replaced. It was first decreed statutorily in the 1890's. Almost 100 years later it is grossly inadequate. Raising the limit to \$10,000 would reduce the number of contracts processed annually by 41% and would free valuable staff.

EXHIBIT 5

**ANALYSIS OF FISCAL YEAR 1986
EMPLOYMENT AND HUMAN SERVICE CONTRACTS**

<u>STEPS</u>	<u>CONTRACT TYPE:</u>	<u>AVERAGE NUMBER OF WORKING DAYS</u>		
		<u>JTPA*</u>	<u>PPPP*</u>	<u>CDBG*</u>
1.	Need Identified and Bid Process Begun			
2.	Contractor Selected by Program Unit			
3.	Contracts Unit Receives Request for Contract (AF-1), Forwards to Fiscal	1	1	1
4.	Fiscal Reviews Request Against Fund Availability	3.8	2	7.5
5.	Contracts Unit Drafts Award Letter Requesting Mayor's Approval to Enter Into Contract	2	2.5	2.2
6.	OJCS Director Approves And signs Award Letter	2	5	2.4
7.	Award Letter Reviewed by City Auditing and Funds Encumbered			
		16.6	12	15.1
8.	Award Letter Reviewed and Approved by City Law Department			
9.	Award Letter Reviewed and Approved by Finance Commission			
		8.5	11	11.9
10.	Award Letter Approved by Mayor			
11.	Contract Documents Prepared by OJCS and Sent to Contractor for Signature	20.4*	6	14.4
12.	Contractor Signs and Returns Contract to OJCS	15.6	2	5.4
13.	Contract Reviewed by OJCS Fiscal Unit	2.3	3.1	2
14.	Contract Reviewed by City Law Dept.			
		5.4	10	8.8
15.	Contract Signed by Mayor			
16.	Contract Filed with City Auditing Dept.			
	TOTAL	77.6*	54.6	70.7

* Three agencies had unusually long contract negotiations -- this figure excludes those contractors. "JTPA" = Job Training Partnership Act; "PPPP" = Public Private Partnership Program; CDBG = Community Development Block Grant.

SOURCE: Mayor's Office of Jobs and Community Services (OJCS).

Departments Appear to Violate Formal Contracting Rules

Several departments appear to violate formal contracting rules. For example, the City Contracting Manual clearly states that only in emergency situations are vendors to begin work with a signed contract; nonetheless this occurs regularly. Vendors at the state level do not perform work in such situations for fear that the contract will not be signed. But those interviewed by the Committee did not recall a case in which a vendor to the City did not receive payment when work had commenced before a signed contract.

An individual told the Committee that occasionally \$1,995 contracts were used to avoid the formal bid process. Some contracting staff indicated that they use unadvertised contracts simply because the services obtained were professional in nature. This clearly is not in line with the Mayor's Executive Order requiring extensive documentation for unadvertised contracts.

Unadvertised Contracts

The Transition Report and the 1984 Finance Commission Report on Unadvertised Contracts both urged a stop to the practice of publishing unadvertised contract award letters in the City Record months or even years after work had been completed. These letters should be printed before the signing of the award letter, thus improving visibility and accountability. This simple step has not been fully implemented. In fact, the December 9, 1985 City Record which announced the formation of the Mayor's Management Review Committee also published 48 award letters for work completed before July 1, 1985.

The System Remains Relatively Closed to Most Small and Minority Businesses

The Committee found concern over the lack of participation by small businesses, minority businesses, and women-owned businesses. Some gains had been made by the Purchasing Division, through greater outreach, but overall progress was not significant.

It was clear to the Committee that the lack of participation by small business was not based on a conscious policy of exclusion by the City, but rather on a rational economic response by small business people. Larger businesses are much better able to deal with the lengthy delays between the start of negotiations and the execution of a final contract. Smaller vendors are reluctant to commence work before a contract is signed for fear that payment might be withheld.

It was clear to the Committee that significantly greater participation by small businesses will occur if the City develops an expedited accounts payable processing system as well as an expedited contracts processing system.

The System Leads to Higher Costs for Taxpayers

It appears that the City's current contracting system results in unnecessary and substantial municipal costs. Contractors who agree to do business with the City build hidden financing charges into their prices. As rational businessmen, they must consider the timeliness of payment when quoting prices. In addition, the current system discourages widespread competition among businesses. The result of this uncompetitive environment is higher prices for critical goods and services. An expedited contracting process could reduce municipal costs.

RECOMMENDATIONS: CONTRACTING

Based on the above assessment, the Committee makes the following recommendations:

- Create a Contracts Office;
- Increase the bid limit;
- Improve access for minority-owned and small businesses;
- Increase departmental accountability and compliance; and
- Create a research and evaluation unit within the Contracts Office.

Create a Contracts Office

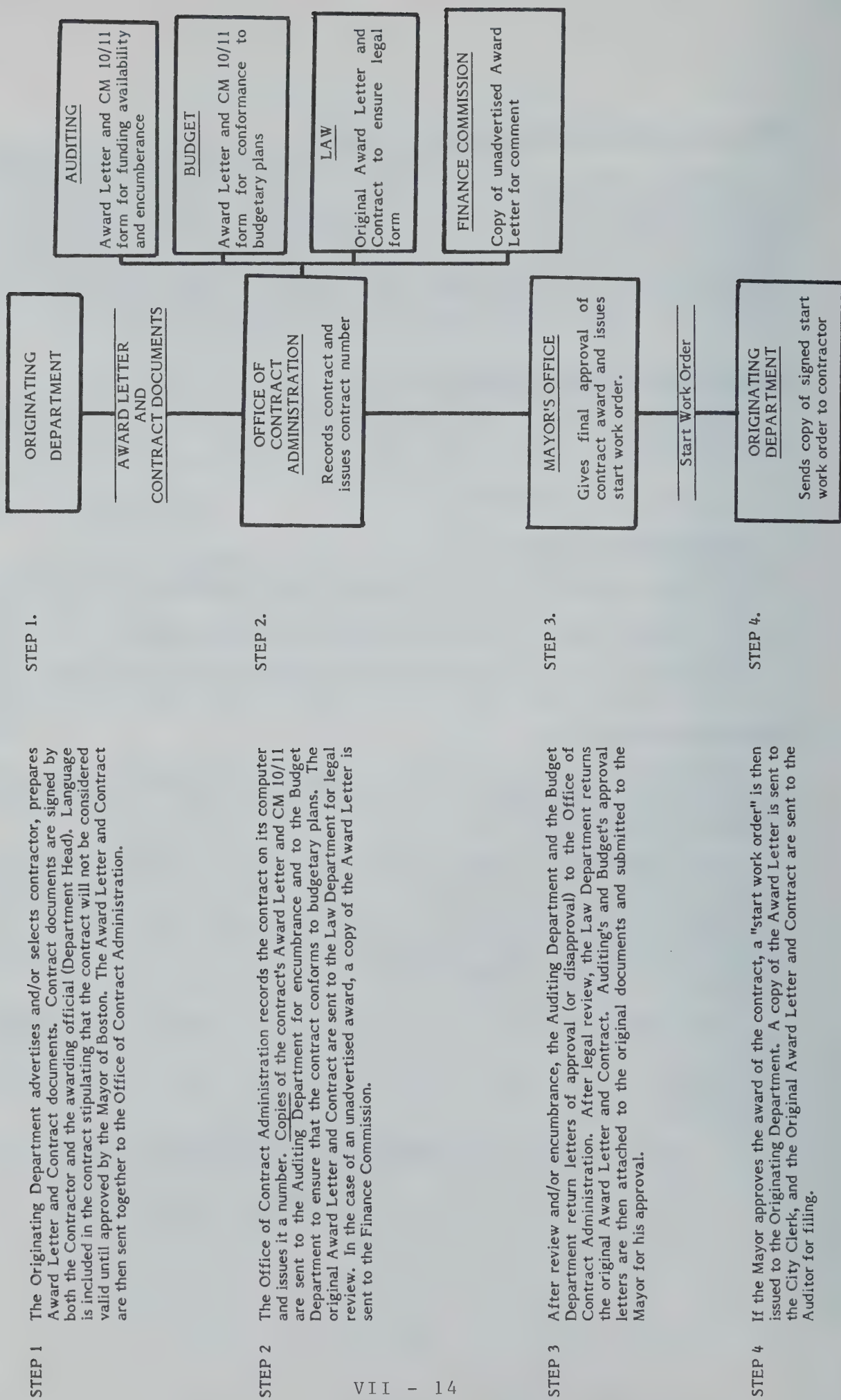
The City should establish a Contracts Office whose role will be to improve the City's overall performance in managing and monitoring the contracting process. For one potential model for this contracts office, see Exhibit 6.

There exists a great need for a streamlined, less cumbersome system for executing contracts. As discussed earlier in this chapter, fairly routine contracts can take up to six months to be approved. Also, line agencies do not have adequate data in advance to indicate which contracts might be delayed, and for what reason. A high degree of frustration was indicated by agency managers, as well as by most people involved in the contracting process.

The current system lacks focus. There is no one agency responsible for ensuring that the system is efficient and cost-effective. The new Contracts Office would have this mandate. This office would provide leadership and would be accountable for improving the system's performance. The major tasks would include the following:

- **Reconstituting the interdepartmental MIS task force** which was established a few years ago. The Contracts Office Director would chair these meetings and, in close collaboration with the City's MIS office, would supervise the development and implementation of an automated contracting system;

EXHIBIT 6
POTENTIAL CONTRACTS OFFICE MODEL



- **Monitoring the contract process to ensure timely review** by all staff departments involved in executing contracts. This office would provide assistance to agencies experiencing difficulties or delays with their contracts;
- **Developing recommendations for streamlining the contracting process.** An automated system could dramatically decrease the length of time involved, especially if contracts can be reviewed simultaneously rather than sequentially. Other possibilities include: developing a fast track approval mechanism for legal office review with previously approved contracts that have minor changes; establishing concrete timetables for each step in the review process; and submitting award letters and contracts together. The Mayor's Office of Jobs and Community Services has already made a major commitment in this area and might well serve as a pilot department for implementing other proposals to expedite the contract process;
- **Providing current, across-the-board training** to all City personnel involved in the contracting process. Various types of training sessions could be developed for those who seek services from vendors, those who approve the contract at the agency level, and those responsible for processing contracts. These latter personnel would also require MIS training;
- **Providing technical assistance** to departmental staff and to vendors. A problem frequently mentioned during our interviews is that many of the smaller vendors do not possess the expertise to properly prepare contracts. These vendors could continue to work with the originating line department, but could also utilize the services of an Outreach Coordinator in the Contracts Office;
- The proposed staff in this Contracts Office would include: a Director; a Systems Analyst; a Trainer (to function internally with line departments and with Auditing, Purchasing, Corporate Counsel, etc.); an Outreach Coordinator (to work with vendors and be responsible for recruitment of small and minority-owned business, and clerical workers; and
- In terms of resources, this office would need an adequate budget to meet staffing requirements and develop and implement an automated MIS.

Increase the Bid Limit

The current bid limit was established in 1896, and if CPI-inflated to the present, would now reach approximately \$90,000. The Committee is not suggesting that the limit be raised that high, but a bid limit of \$10,000 seems reasonable.

Before this limit is increased, the number of formal service contracts that could be eliminated at different proposed bid limits should be determined. If, for example, 10% of all service contracts could be eliminated by setting the limit at \$11,000 rather than \$10,000, then this should be given careful consideration from a cost-benefit point of view.

Improve Access for Small and Minority-Owned Businesses

During interviews, the Committee was repeatedly informed that small, women-owned and minority-owned businesses historically have had a difficult time gaining access to City contracts, and that many of these businesses cannot manage the cashflow shortages that often result by doing work for the City.

A Contracts Office could play a major role in developing concerted outreach programs (newsletters, mailings, seminars) and, as mentioned earlier, by providing training as needed. The Contracts Office would also produce quantitative analyses of City contracts with these vendors to determine if the City's goals are being met.

Increase Departmental Accountability and Compliance

Department heads must become more involved in and more adept at managing contracts. Recommended steps include:

- Upgrading departmental contracts management staff. If this is not fiscally or administratively possible, department heads should be held directly responsible for managing contracts;
- Instituting and enforcing "no contract, no work" regulations;
- Encouraging departments to increase training opportunities for vendors; and
- Encouraging the early submission of contracts.

Create a Research and Evaluation Unit Within the Contracts Office

Currently, the City does not have the ability to compare service contract prices, performance, and timeliness across departments. This type of analysis should be performed regularly by a designated Research and Evaluation Unit, and should be coordinated with the purchasing function. This unit would be able to perform analyses with rapid turnaround using the database developed for processing contracts.

This unit, for example, could develop a centralized list of disqualified vendors (complete with an explanation) to reduce the possibility that a vendor disqualified by the Police Department is hired two weeks later by the Fire Department. It could prepare special reports which identify the percentage of unadvertised contracts, by type, by department, and by price and assess the City's performance with small and minority-owned businesses. In addition, the unit could investigate the possibility that the City initiate bulk purchasing for service contracts, as has painstakingly been accomplished with Xerox and IBM.

RECOMMENDATIONS: PURCHASING

Significant improvements have been made to the City's Purchasing Division in recent years. The current Purchasing Agent has continued a major effort to increase the professionalism of the Division and streamline the purchasing process. Some improvements, however, can still be suggested:

- Establishment of an automated central receiving operation in City Hall;
- Increase in the use of bulk purchase contracts; and
- Development of documentation on the purchasing process.

Automated Central Receiving Operation

The establishment of an automated Central Receiving operation in City Hall to centralize and document the receipt of materials by City Hall Departments would be an improvement over the current system. Eventually, automated satellite receiving offices should be established in non-City Hall sites.

Bulk Purchase Contracts

The Committee supports current efforts to increase the use of bulk purchase contracts. Purchasing commodities in bulk achieves two goals. First, from a purely fiscal perspective, bulk purchasing allows the municipality to reduce unit costs. Second, when departments prepare estimates of commodity use over a twelve-month period, it helps them to anticipate need and to consider cost saving alternatives. Increased use of bulk purchasing also discourages the practice of departments buying commodities on their own and then sending Confirming Orders to the Purchasing Division. One result of this system of documentation could be a renewed effort to create a City-wide purchasing collaborative involving the Purchasing Division, the School Department, and such quasi-public agencies as the Boston Redevelopment Authority and the Boston Housing Authority. The recent fuel oil contract jointly negotiated by the Purchasing Division and the School Department is a model worth replicating.

Documentation

Other steps which could improve the City's purchasing system include development of clear written materials, for both buyers and vendors, which fully document the purchasing process. Documents prepared by the Commonwealth's Purchasing Agent Department could serve as models in this area. Such a document could assist employees (especially new employees) in performing their job and make the City's purchasing system less mysterious to vendors.

VIII. FIRE

FIRE

Employees: 1,743

Appropriations:	FY84	\$ 56,578,764
	FY85	56,600,000
	FY86	* 59,600,000

Mission:

From Department's FY86 Budget Submission:

"The Fire Department is responsible for the effective extinguishing of fire and responding to all emergency alarms and accidents, in order to protect the lives and properties of the residents of the City of Boston."

The MMRC would add:

The Department is also responsible for administering the City's fire prevention program, consisting of inspection, code enforcement, and the Arson Squad.

OVERVIEW

Mission

The Boston Fire Department is responsible for the protection of lives and property in all fire, emergency, and accident situations throughout the City. The Department is also responsible for administering the City's fire prevention program, consisting of inspection, code enforcement, and the Arson Squad. The Department is organized into divisions, by major area of responsibility:

- Fire Suppression;
- Fire Alarms;
- Fire Prevention;
- Training;
- Maintenance.

For the purpose of deploying its resources, the Department is organized into 11 districts, 54 engine and ladder companies, and 5 special units (including tower, rescue, marine, lighting and high pressure pumping). Geographically, the

* Department expenditures will exceed appropriations by 4.6%.

City is divided into two divisions, with the boundary running along Massachusetts Avenue. Division One lies north of the line and includes Brighton to the east; Division Two is comprised of the remainder of the City, south of the line. (A map of the Districts is provided as Exhibit 1).

Administration

The headquarters of the Fire Department is located on Southamptton Street. Division and District Chiefs operate from their company locations and supervise field operations within their assigned geographic areas (see Exhibit 1). The Alarms Division operates semi-autonomously from its headquarters on Westland Avenue in the Fenway area.

Over the last several years, senior management has successfully focused on rebuilding the Department's firefighting manpower and equipment resources from the difficult aftermath caused, in part, by funding cutbacks during implementation of Proposition 2 1/2. This dedication to operational matters persists today and is reflected in the key philosophies of senior Department management:

- Senior positions at Headquarters are filled overwhelmingly by long-term career officers drawn from the ranks of uniformed firefighters. A vast store of expertise in firefighting techniques and fire site management exists among Headquarters officers.
- Management is committed to utilizing new firefighting technology and strong training programs. Careful monitoring, testing, and implementation of emerging innovations in firefighting equipment has allowed the Department to offer reliable fire suppression, rescue, and prevention services to the City while minimizing the risks to firefighters.
- Headquarters management remains close to firefighting operations. Current policy calls for the Fire Commissioner and/or the Department's Chief of Operations to report to and supervise the fire site at all fires going beyond a second alarm.

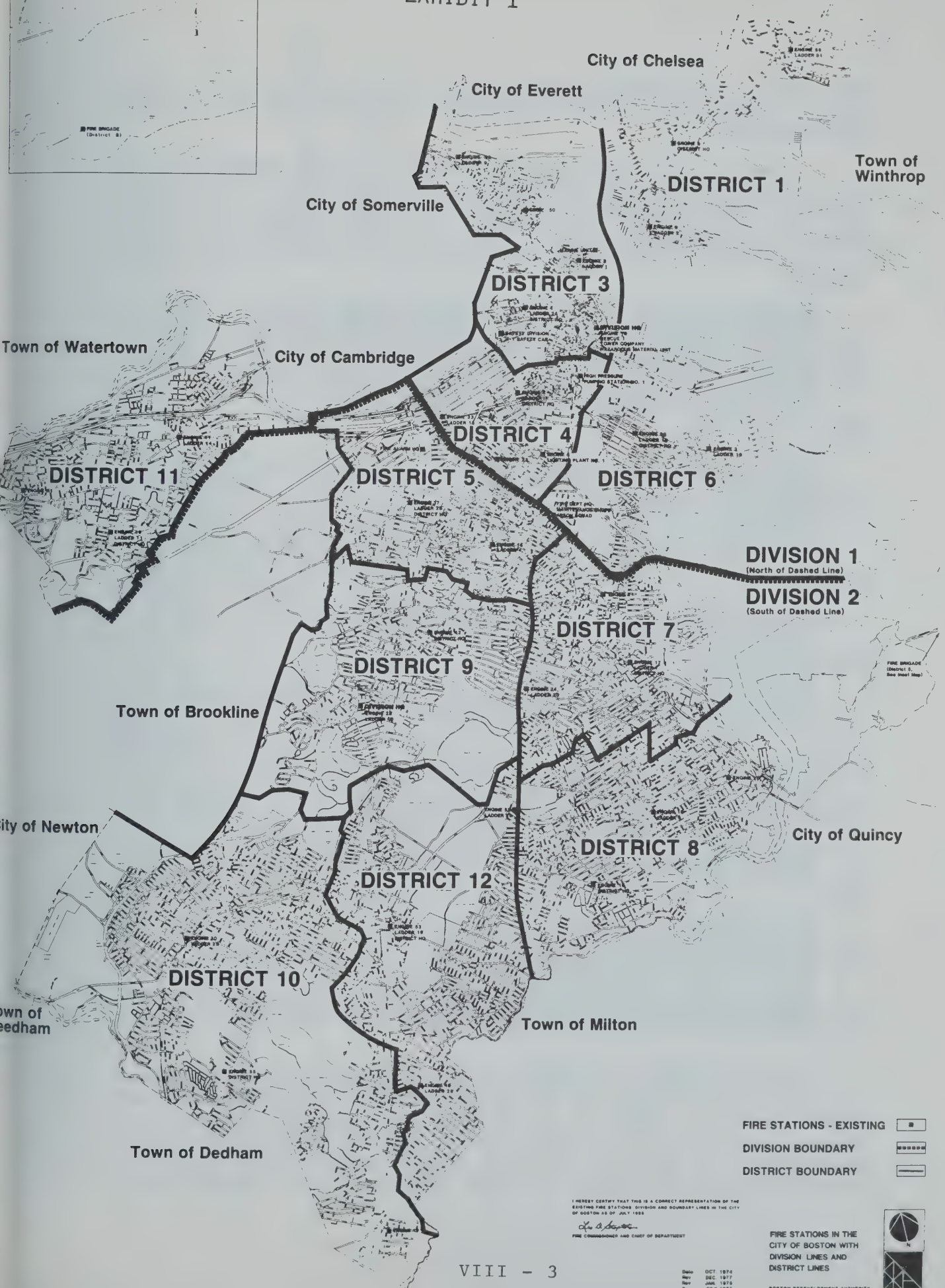
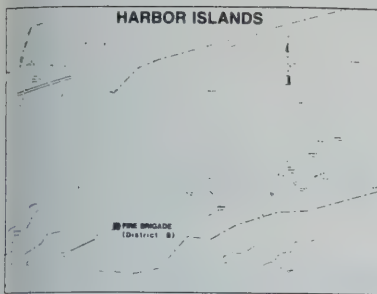
These "hands on" operating philosophies have produced many positive results within the Department, including high morale, good labor/management relations, and pride in a reputation for quality firefighting services.

Having met and overcome the recent operational challenges, the Department is now faced with bringing its administrative and support systems up to par with its fire suppression and prevention capabilities. It remains to be seen if the current Fire Department organization has the resources to make this important transition.

Expenditures

The Department submits annual requests for funding of its operations. City tax funds are the Department's sole financial resource. All revenues generated by the Department from fees and services revert back to the general fund. The revenues generated by licenses, permits, and miscellaneous fees in

EXHIBIT 1



1985 totalled over \$700,000, up from \$550,000 in 1984. This increase is due in part to a restructuring of the fee schedule that increased nearly all of the Fire Department's fees.

The Department's Fiscal Year 1986 (FY86) appropriation of \$59,600,000 is \$13.7 million higher than that of FY82, for a 30% increase over 4 years (see Exhibit 2). Adjusted for inflation, however, the FY86 budget represents only a 10% increase of \$4.6 million since FY 1982, with most of this increase occurring in FY83. Inflation adjusted spending actually decreased slightly after FY84 (see Exhibit 3).

In the period since 1982, the Department has consistently spent a minimum of 90% of its budget on personnel. The distribution of spending among divisions provides approximately 80% for suppression (firefighting) with the remainder in administration, alarm, training, maintenance, and prevention (see Exhibit 4).

Suppression Division

The Suppression Division is the largest in the Fire Department. The Division consists of 34 engine/pumpers and 21 ladder companies, 1 Marine Unit (2 fireboats) one rescue unit and one tower unit.

These companies are housed in 34 stations located throughout the City. All stations are manned by an engine/pumper and most also house a ladder company. The rescue and tower units are in the downtown district along with an engine company.

Alarms Division

The Alarms Division maintains and operates a City-wide network of telegraphic and voice activated boxes. In addition to its own network of alarms, it transfers all "9-1-1" fire calls, direct telephone calls to the Department's 536-1100 number, and radio calls from the Police Department. Once notification of a fire has been received through one of the above channels, the Alarm Division must determine the incident location and dispatch the nearest available unit. The Division also monitors all incidents, dispatching additional companies when requested. Further, Division personnel must continually adjust the distribution of available companies in the City to provide coverage for units away from their stations. To achieve these functions, the Division maintains a continuous status on each company.

Fire Prevention

Fire Prevention for the City is coordinated through the Fire Marshall's office. The main activities are inspections, permits, building plan reviews and fire investigations.

Fire investigations are performed by the Boston Arson Squad. The Arson Squad functions as a branch of the Fire Marshall's office and investigates all building fires in the City. In the past year over 2,600 investigations were conducted as a result of 1,800 building fires, complaints, and reports from other departments. In addition, the Arson Squad conducts street patrol and surveillance. The City Arson Commission should be located at Southampton

FIRE DEPARTMENT Operating Budget (\$ in Millions)

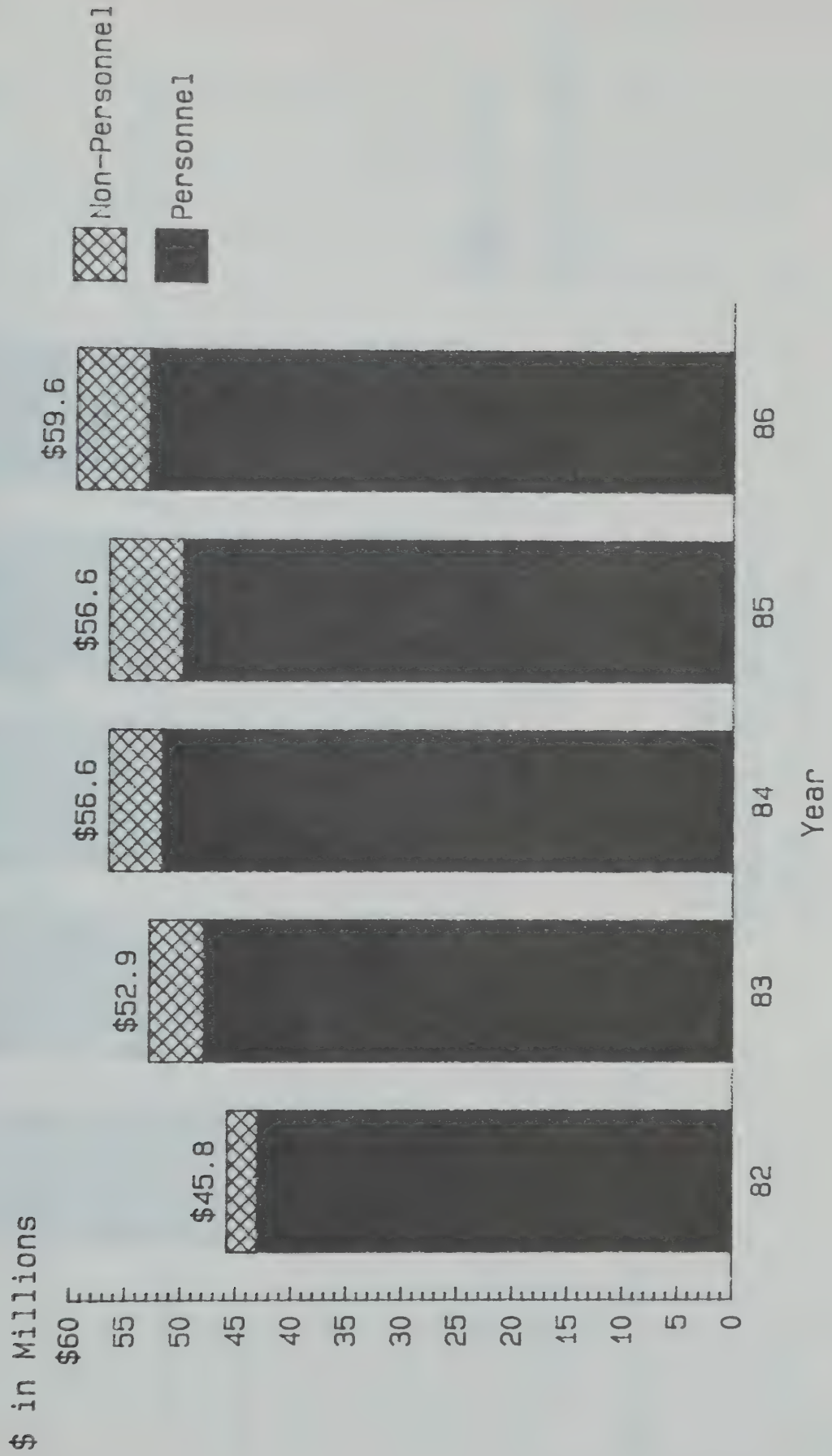
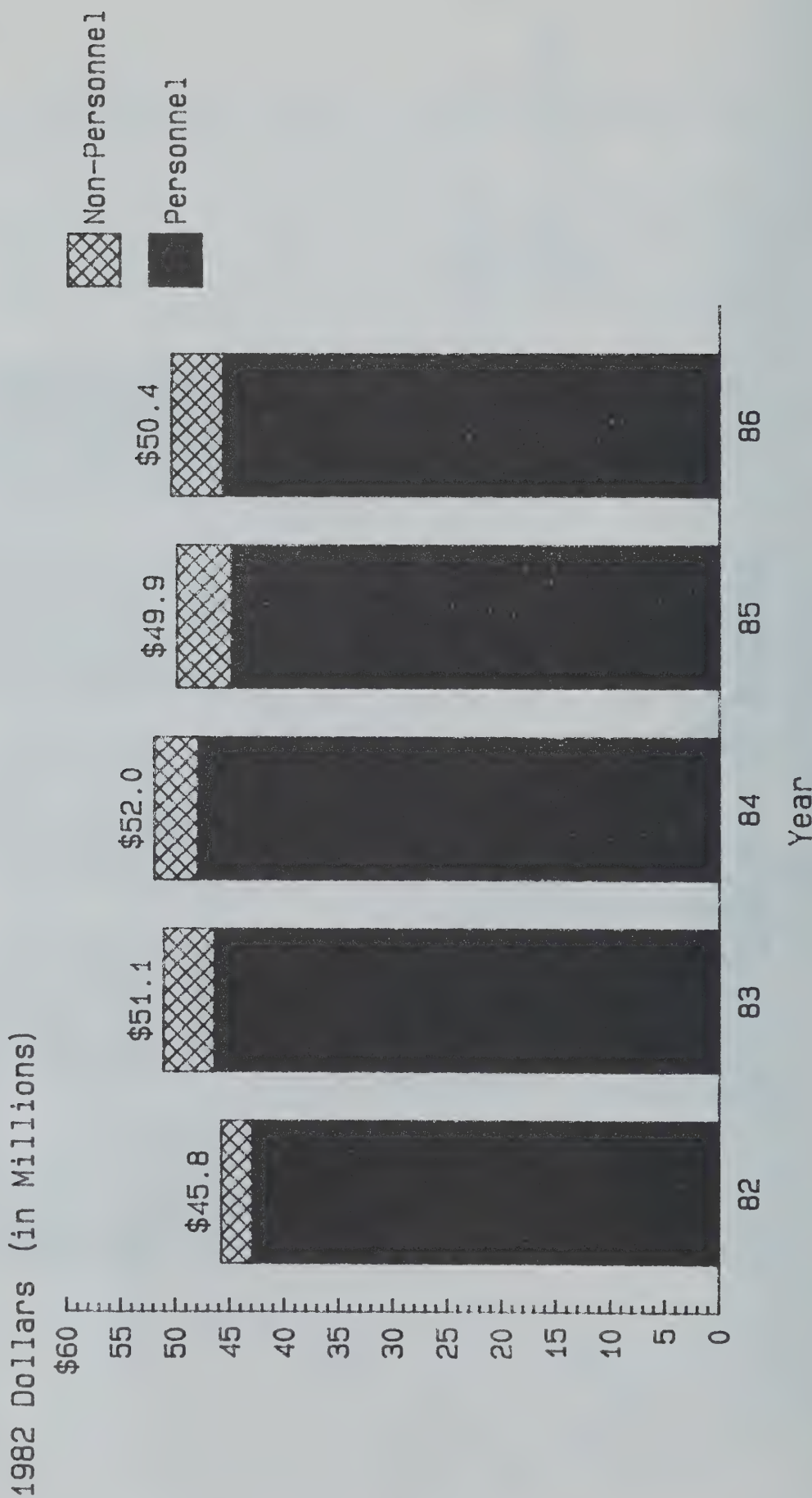


EXHIBIT 3

FIRE DEPARTMENT Operating Budget ** (\$ in Millions)



Bureau of Labor Statistics-Consumer Price Index
 July 83 = 3.5%, July 84 = 5.2%, July 85 = 4.2%
 July 86 Estimated at 4.0%

** Inflation Adjusted For Boston Metro Area

EXHIBIT 4

BOSTON FIRE DEPARTMENT
ALLOCATION OF SPENDING

<u>Department</u>	<u>Fiscal 1985 Spending</u>	<u>Allocation of Dept-Wide Support</u>	<u>Total Adjusted Spending</u>	<u>Percent of Total Spending</u>
SUPPRESSION	\$40,479,880	\$5,029,481	\$45,509,361	80.4%
ALARM	2,431,070	302,052	2,733,122	4.8%
TRAINING & RESEARCH	1,090,317	135,468	1,225,785	2.2%
MAINTENANCE	2,110,790	262,258	2,373,048	4.2%
PREVENTION	2,572,279	319,597	2,891,876	5.1%
ADMINISTRATION	<u>1,659,964</u>	<u>206,245</u>	<u>1,866,209</u>	<u>3.3%</u>
TOTAL	\$50,344,300	\$6,255,100	\$56,599,400	100%

Street, and be accountable to the Fire Commission, and achieve improved efficiency and communication among fire prevention agencies.

Training and Research

The Training and Research Division trains new recruits at the Moon Island Academy and also conducts in-service training programs for existing firefighters.

Maintenance Division

The Maintenance Division is responsible for the routine and preventative maintenance on all Fire Department apparatus. The Department maintains spare pumps and ladders at fire houses throughout the City and at Headquarters to substitute while maintenance is being performed. The Maintenance Division is also responsible for coordinating and/or performing routine repairs to all Fire Department buildings.

CRITICAL PERFORMANCE MEASURES

The four divisions of the Fire Department jointly contribute to the protection of the lives and properties of the residents of the City of Boston. As outlined in the mission statement, the Department is responsible for the effective extinguishing of fire, responding to all emergency alarms and accidents, and administering the City's fire prevention program.

These responsibilities suggest the following critical measures of performance for the Department:

- Number and effectiveness of dispatches;
- Number and nature of fires;
- Number of inspections;
- Number of arson investigations, arrests and convictions;
- Equipment readiness; and
- Deployment of manpower and equipment.

ASSESSMENT OF PERFORMANCE

The Fire Department has made progress on several of these critical measures. These advances can be summarized as follows:

- Dispatches increased 13% over 1984;
- Building fires decreased 29% since 1982, despite a slight increase in 1985;

- Total inspection increased by 33%, night-time inspections by 156%;
- Investigations increased 22%, arson-related arrests increased 124%, and convictions increased 69%;
- The readiness of the equipment belonging to the Department is acceptable. However, there appears to be a persistent problem with hydrant readiness; and
- Management has successfully focused on rebuilding the Department's resources. Currently, improvements could be made in the management information systems.

Dispatches

The year 1985 saw suppression answering significantly more calls than in any of the three prior years, with activity up 13% over 1984. Calls to fires remained relatively constant from the previous two years. False alarms also remained relatively constant from the previous year, up less than 0.5% (see Exhibit 5). The increased activity came in service, rescue, and emergency medical service calls. Over the previous 3 to 4 years there appears to have been a shift in incidents away from fires and towards non-fire related service. Exhibit 6 illustrates this trend as seen in 1984 and 1985. The Department and the Administration should evaluate whether all of the activities included in the increasing non-firefighting workload are an effective use of the Department's highly trained resources.

Fires

Since 1982, the number of building fires in the City has declined 29%, from 2,535 to 1,807, and fires of suspicious origin decreased by 23%, from 666 to 510. However, in the past year (1985), total incidents of both building fires and incendiary, undetermined, and suspicious fires increased by 3% and 7%, respectively.

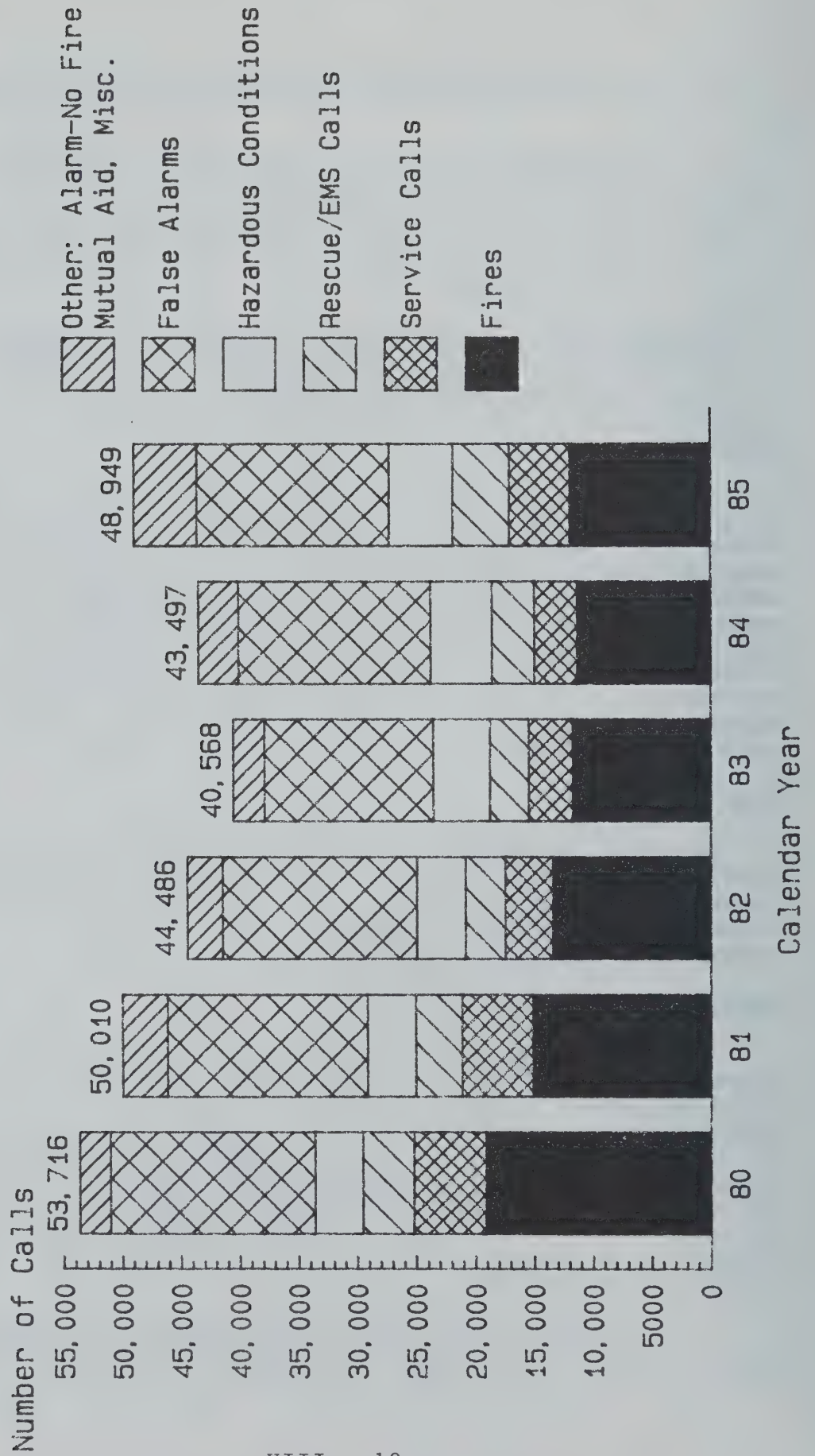
Inspections

As illustrated in Exhibit 7, nearly all areas of inspections, permits, and plan review have seen significant increases in activity. Of particular interest is the over 150% increase in inspections during night-time hours. These inspections specifically target overcrowding and other violations at restaurants, theaters, and live shows. Through this major emphasis on code enforcement, the Department hopes to reduce the potential for catastrophic fires. Fire prevention also continued with the aggressive program of enforcement of the City's hazardous material transportation ordinances. During 1985, 166 trucks were stopped and 85 violations were issued. This represents three times more violations issued than in 1984.

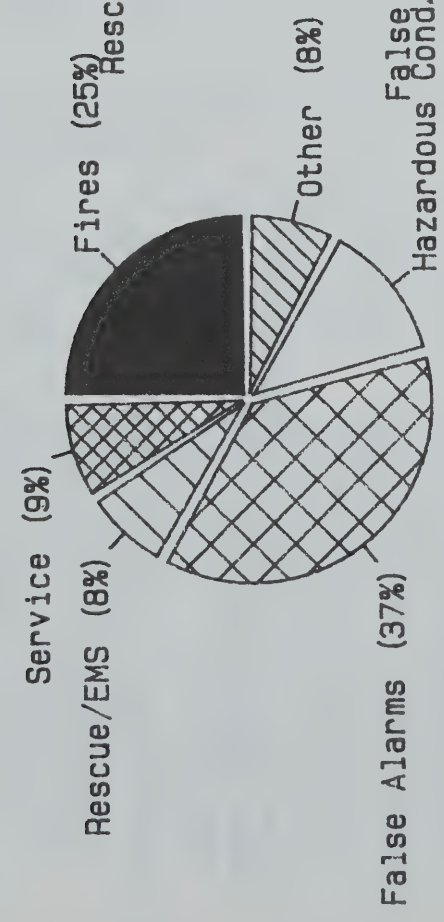
The Fire Marshall's office was recently reorganized, creating a night-time inspection force. The addition of this force affords the Department greater flexibility in enforcing the City's fire ordinances. Given that many of these

EXHIBIT 5

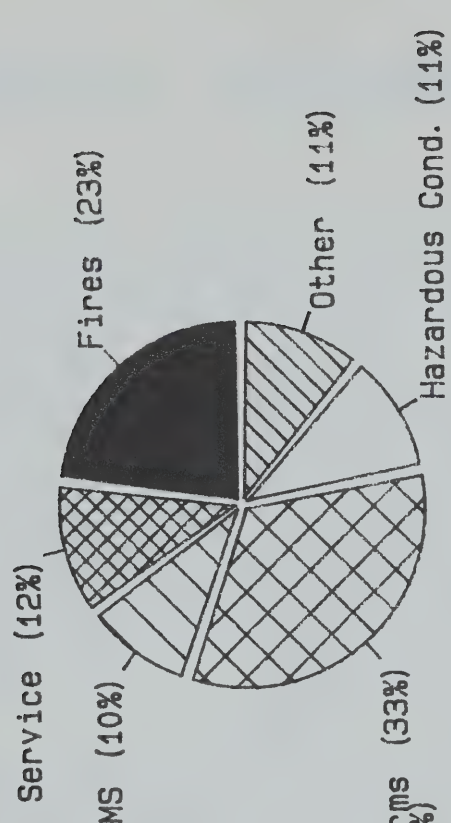
FIRE DEPARTMENT Comparison of Incidents



FIRE DEPARTMENT Comparison By Type of Call



1984



1985

EXHIBIT 7

FIRE PREVENTION DIVISION
ANNUAL ACTIVITY

<u>Item</u>	<u>1984</u>	<u>1985</u>	<u>Percent Change</u>
Number of Building Plans Reviewed	926	1,520	64%
Inspections Conducted (Including Residential Smoke Detectors)	19,106	22,467	18%
Hospital Inspections Conducted	200	255	28%
School Inspections Conducted	100	102	2%
Night Section Inspections Conducted (Live Shows, Theaters, and Places of Assembly Overcrowding)	2,060	5,275	156%
Transportation of Hazardous Materials			
- Trucks Stopped and Checked	122	166	36%
- Violations	28	85	204%
Revenue from Permit, Licenses, and other Fees	\$547,483	\$706,860	29%

violations occur more frequently in the evenings, this arrangement has improved overall enforcement.

Investigations

The increase in the number of building fires in 1985 occurred despite a 22% increase in investigations (see Exhibits 8 and 9). Arson-related arrests and convictions also increased by 124% and 69%, respectively, and the number of cases actively pursued increased 91%.

The historical investment in additional funding and staffing for the Arson Squad seems to have paid off. The Arson Squad is aware of the recent, unexplained increase in arson-related statistics noted above and is researching its origins. The Arson Squad cautioned that the increase in total incendiary, undetermined, and suspicious fires in 1985 may, in part, be due to better record keeping and improved fire cause determination. If it is determined that arson activity has truly increased, then changes should be made to arson investigation, funding, and interagency coordination policies, as appropriate.

Equipment

As of November, 1985 the average age of the front line apparatus of the Suppression Division was slightly less than 4 years. This represents a dramatic decline from approximately 10 years in 1983. This was accomplished through the purchase of 30 new pieces in 1984 and 1985. Eighteen pieces of apparatus which are 9 years old or older are scheduled to be replaced in the five-year capital plan. Equipment readiness is at its highest point in recent history.

In addition to its own equipment, the Suppression Division relies on a network of over 13,000 hydrants that are owned and operated by the Boston Water and Sewer Commission (BWSC).

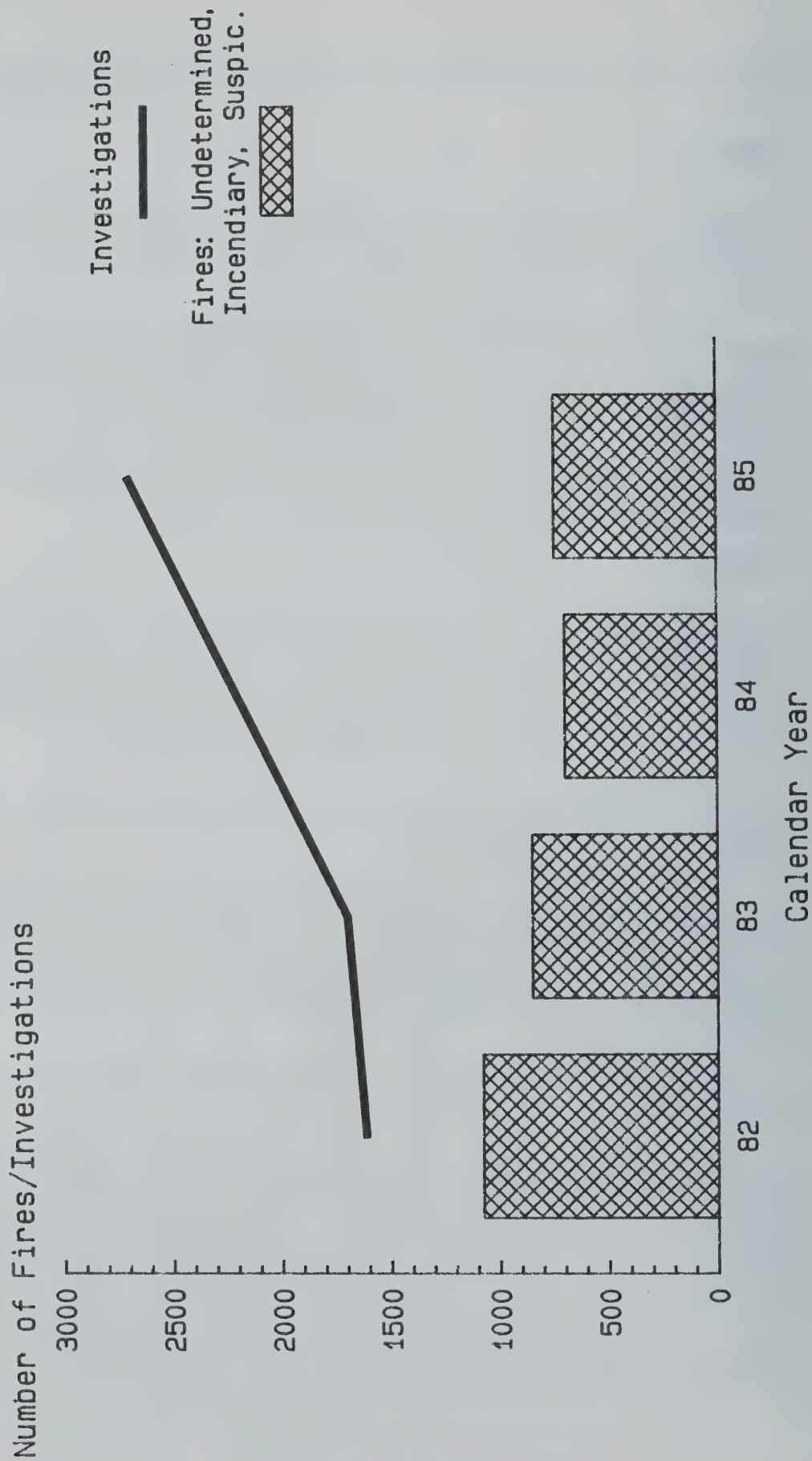
The City has made a substantial investment in apparatus as well as funding for additional firefighting personnel. The payback from these improvements, however, is limited by a persistent problem with fire hydrant readiness. The Administration needs to improve the coordination between the City and Boston Water and Sewer Commission in addressing the immediate problem of malfunctioning hydrants.

The Alarms Division employs two primary types of equipment: cabling and the central office communications system.

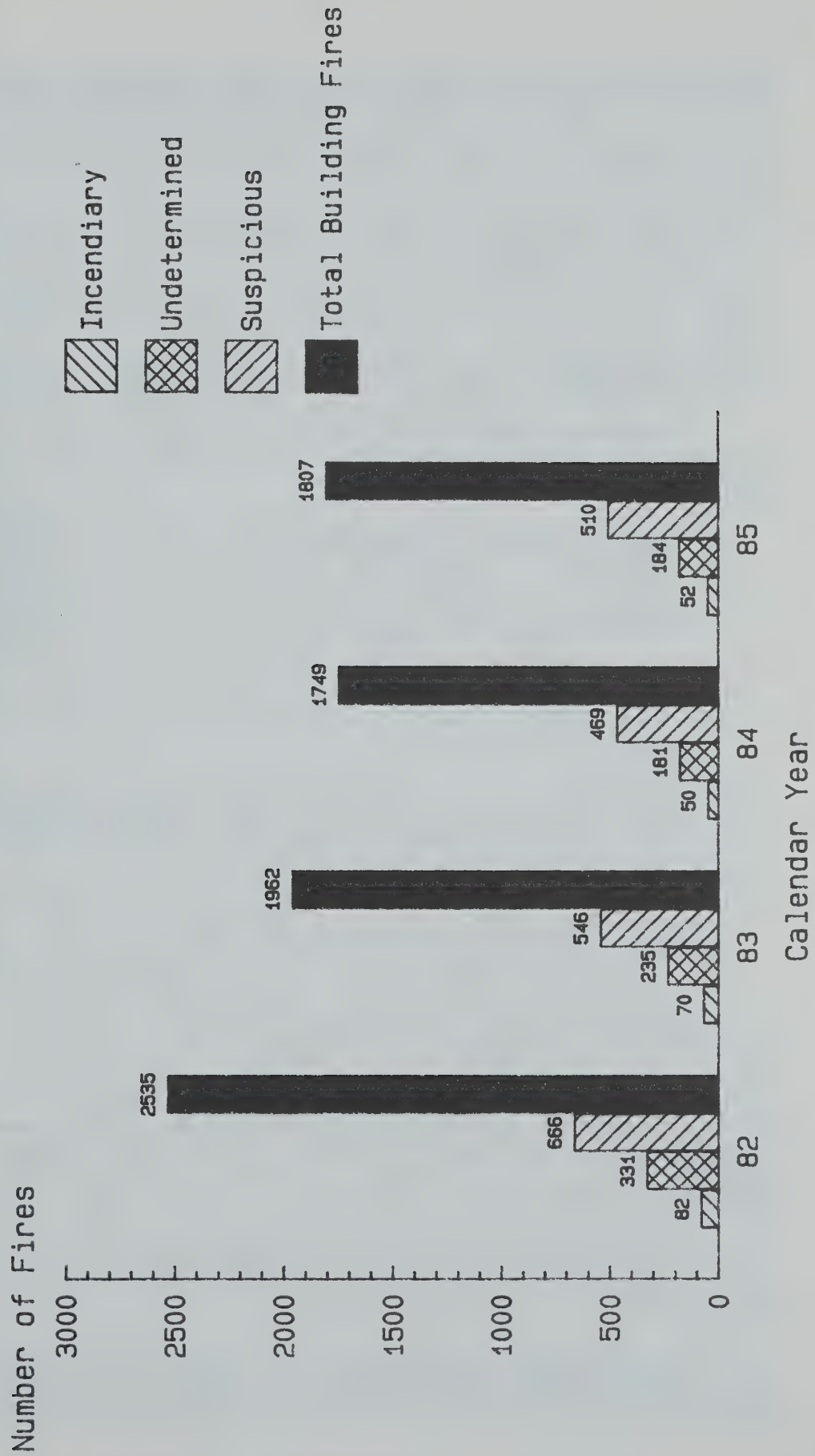
The City-wide cabling for voice and telegraph communications is reported to be in good working condition despite its age. Alarms Division personnel feel confident that signals generated throughout the City are effectively transmitted to alarm headquarters. Once signals are received at headquarters, fire companies must be dispatched. The systems currently used at headquarters for pinpointing incident locations and dispatching appropriate units are a mixture of old manual systems and new technology, with some portions dating back over 70 years. Recently, the Division successfully implemented an in-house, computer based, street index file as a first step in modernizing the dispatch functions. The Division has tried unsuccessfully in past years to secure funding for

EXHIBIT 8

FIRE DEPARTMENT Arson Squad Investigations



FIRE DEPARTMENT Analysis of Building Fires By Cause



implementation of a full computer aided dispatch system. The Department has estimated the cost of such a system to be in the range of \$750,000.

A computer aided dispatch system (CAD) would benefit the Department in five basic areas:

- Improved speed of company dispatching. At present, manual card files are required to identify the area of the call and locate the closest available company. CAD would put all this data on-line, thereby greatly reducing any potential delays in dispatching.
- Increased information about the fire site available to responding companies. By integrating street address files with hazardous material storage permits, guard dog permits, building plan particulars and elderly and handicapped housing data, the system could provide responding companies with this vital information en-route to the fire site.
- Improved capture of personnel, alarm, and fire management statistics. Currently, much of this statistical data is either unavailable or unreliable. Access to this data could improve management's ability to monitor and control field performance. Further, under the present system, it is often difficult to determine which firefighters are working large multiple alarm fires. Obviously this information becomes critical when especially hazardous conditions develop at the fire site which jeopardize firefighter safety.
- Assistance in the rapid reallocation of fire companies into districts where the home companies are deployed at working fires. This function becomes particularly critical when the Department is faced with simultaneous major fires.
- Enhanced analysis of alarm data. The ability to sort and report on alarm data is useful in many aspects of fire prevention, including analysis of possible response time variances among the City's neighborhoods, pinpointing of smoke detector malfunctions, in-depth analysis of suspected arson cases (owners, time of day, location), and tracking of false alarms.

In functioning without such a system, the Department is largely unable to summarize and utilize the vast quantities of operational data generated in the field and collected by the Alarms Division. Further, improved dispatching would allow the City to optimize the value of its sizable investment in fire suppression manpower and equipment.

The Department recognized the benefits available through this technology in the early 1970's. Despite that fact, Boston has been far surpassed in implementation by several other major cities.

The Maintenance Division policy is to perform preventative maintenance on apparatus every 300 hours (every 3 months on average). Daily and weekly apparatus inspections are performed at each Fire House. The major repairs to

apparatus are performed by outside garages on a subcontracted basis. The Division reports that improvements in the City's payment system have resulted in greatly improved vendor relations and repair turn around times.

The Division maintains detailed maintenance activity records on apparatus and, for the newly purchased equipment, is in the process of enhancing this record-keeping through computerization. However, at present, summary statistics on the Division's activity and maintenance results can be obtained only through substantial manual effort. It is, therefore, difficult to monitor the Division's overall performance or develop information to support its fleet management practices. An effective maintenance program is the City's only way to ensure that maximum value is derived from the recent and planned heavy investments in apparatus; this lack of summary information on maintenance performance should be corrected.

The majority of the City's 34 stations are reportedly in need of updating and repair. Of the six houses visited, four had obvious repair needs such as water damage, peeling paint and loose windows. As provided for in the five-year capital plan, a program of both major and minor repairs is underway.

The quality of these buildings and repairs should be top priority for Public Facilities, as firefighters spend one or two nights a week living at their station house.

The Mayor's Management Review Committee did not perform an independent review of the effectiveness of current firehouse locations or the allocation of resources among the firehouses. Prior specialists have indicated that the department has made sound judgments concerning deployment of equipment and manpower, given practical constraints. Such constraints are the City's complex geography and the existing network of firehouse locations, many of which were selected sequentially as the City evolved, rather than by means of an overall, modern design. Outside specialists have noted that the distribution of the companies generally corresponds well with the geographic location of high fire incidences.

Deployment of Manpower

The Department's labor force has grown from a low of 1,506 positions in 1982 to a planned average staffing level for 1986 of 1,743. This would result in total growth of 237 positions, or a 16% increase. This growth is in excess of the 10% increase in inflation-adjusted funding as noted above (see Exhibit 10). Obviously, the Department has made expansion and maintenance of personnel a top funding priority.

In 1984, the Moon Island Academy graduated 56 new firefighters. Sixty firefighters were graduated in 1985. This was 10 short of the Department's goal. Management attributes this shortfall to the lack of qualified applicants, all of whom have to pass rigorous background investigations before being accepted into the training programs.

The Department is largely comprised of uniformed personnel, with alarm and civilian personnel accounting for less than 10% of total staffing. Within this uniformed classification, firefighters are the majority (see Exhibit 11).

The Department's budget submission contained a detailed breakdown by position and assignment and served as the basis for Exhibit 11. As reported by the Department for January 1985, 89% of all positions are classified as firefighters, with 92% of firefighters assigned to duty in suppression. The count for firefighters in suppression is 1,432, or 82% of the entire Department. However, this count could not be verified through the Department's own reporting systems.

The Department maintains a personnel reporting system consisting of daily status reports completed manually by each company. These logs are then key-punched into a word processor-based program for mathematical summarization. As illustrated in Exhibit 12, the results of this system, for 10 randomly selected days between May and December 1985, indicated an average of 58 fewer assigned positions than reported by the Department as filled or authorized in its budget submissions. In fact, the actual day-by-day results in the sample showed a wide range of assigned personnel counts, varying from a low of 164 unassigned/unaccounted for positions to a high of 48 positions in excess of the authorized level.

These discrepancies may stem from one or more of the following causes:

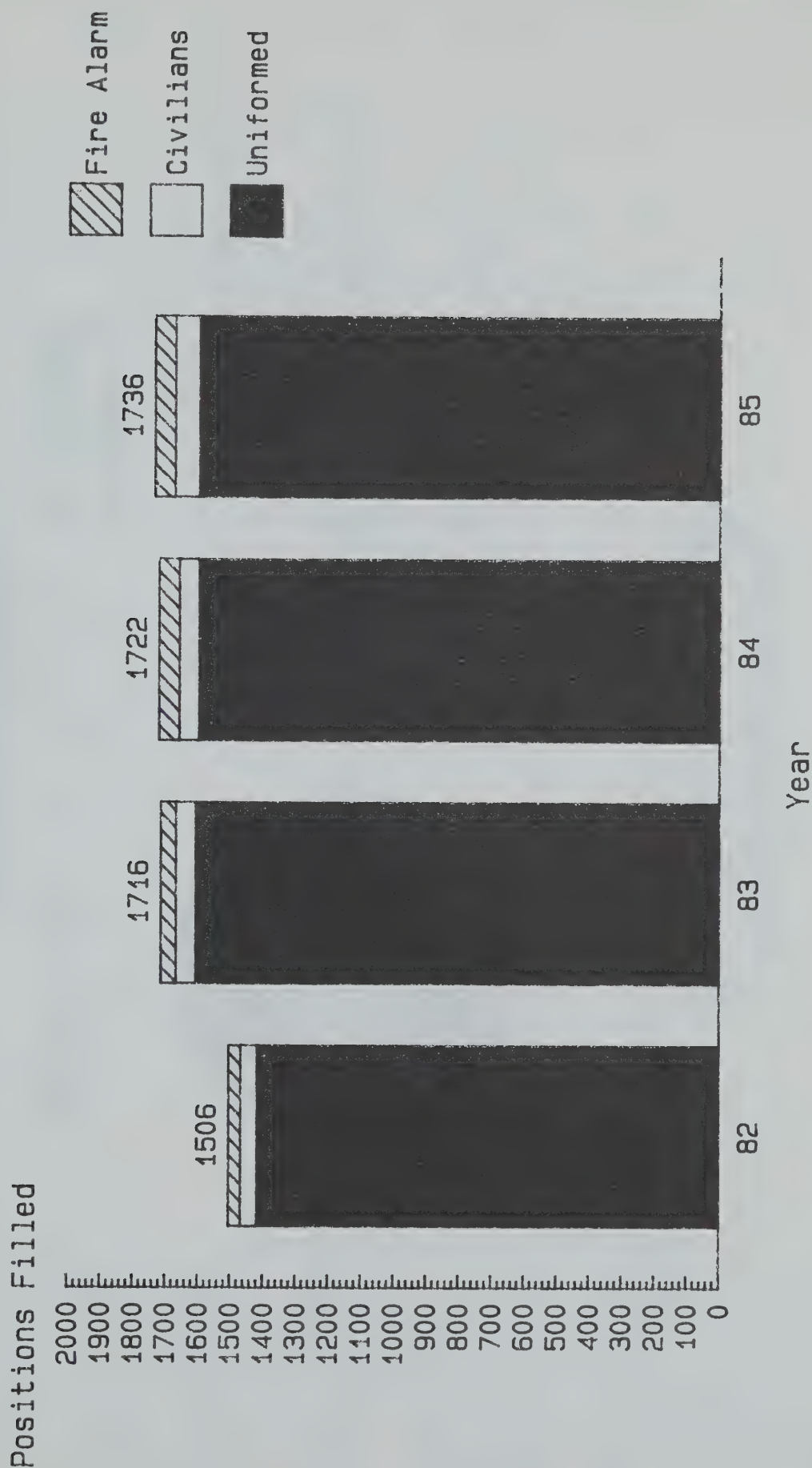
- Problems in the Department's data capture and processing systems;
- Inability to maintain staffing at funded levels;
- Assignment of firefighters to duties other than suppression;
and
- Unassigned firefighters.

The Department believes that no unassigned firefighters exist and that any discrepancies arise only from the first three items above.

Accurate tracking of manning levels and assignment status is a valuable tool for measuring whether or not personnel resources are being effectively deployed. Every effort should be made to determine the origins of discrepancies between internal reporting systems and authorized/on-board staffing levels.

Other benefits can be gained from effective personnel status tracking. For example, the 10-day random sample showed that an average of about three-quarters of the assigned personnel were actually on duty and presumably available to fight fires. This can be interpreted as paying four people for every three fully staffed positions. Normal absences attributable to vacations, sick and injured leave, and other reasons make 100% "on-duty" ratios unattainable. Despite this limitation, the best way to assure that tax dollars are maintaining the City's true firefighting capacity is to monitor the trends of on-duty personnel rather than the number of budgeted or appropriated positions. Given the apparent discrepancies in the Department's personnel tracking system, the data accuracy issues must be resolved before the system can be relied upon as an effective management tool.

FIRE DEPARTMENT Staffing Levels



Source: Boston Fire Department
Fiscal 1986 Budget Submission

EXHIBIT 11.

**FIRE DEPARTMENT PERSONNEL
SUMMARY OF POSITIONS BY ASSIGNMENT**



**DISTRIBUTION
BY DIVISION**

POSITION TYPES

**SOURCE: BOSTON FIRE DEPARTMENT
FISCAL 1986 BUDGET SUBMISSION**

EXHIBIT 12

**BOSTON FIRE DEPARTMENT - SUPPRESSION DIVISION
PERSONNEL STATUS TRACKING SYSTEM
RANDOM SAMPLING OF MONTHS DURING 1985**

	<u>5/13</u>	<u>6/5</u>	<u>6/8</u>	<u>7/3</u>	<u>8/10</u>	<u>9/3</u>	<u>9/21</u>	<u>10/26</u>	<u>11/30</u>	<u>12/30</u>	<u>Average</u>
Total Assigned in Work Rotation	645 x2	666 x2	670 x2	694 x2	731 x2	712 x2	751 x2	683 x2	717 x2	712 x2	698 x2
Total Assigned in Four Group Scheduling Rotation	1290	1332	1340	1388	1462	1424	1502	1366	1434	1424	1396
Budget Firefighters Positions (A)	1454	1454	1454	1454	1454	1454	1454	1454	1454	1454	1454
Unassigned/Unaccounted Firefighters	(164)	(122)	(144)	(66)	8	(30)	48	(88)	(20)	(30)	(58)
Total on Duty	527 x2	512 x2	504 x2	525 x2	488 x2	549 x2	540 x2	522 x2	533 x2	574 x2	527 x2
Total on Duty in Four Group Schedule Rotation	1054	1024	1008	1050	976	1098	1080	1044	1066	1148	1055
Total Assigned to Work	1290	1332	1340	1388	1462	1424	1502	1366	1434	1424	1396
Labor Yield - Against Schedule	82%	77%	75%	76%	67%	77%	72%	76%	74%	81%	76%

NOTES:
(A) 1/18/85 FILLED - 1,443, FY86 QUOTA = 1,490, LESS 12 OFFICERS
FOR AN AVERAGE OF 1,454 DURING THE YEAR 1985

Training

In-service training during the year was coordinated with the recent introduction of positive pressure air masks, 4-inch booster hoses, and hydrant assist valves. All workgroups from each company were instructed in these and other new techniques through a series of cassettes, lectures, and demonstrations. Further, a recently implemented program requires that each firefighter obtain recertification at the firesite simulation maze on Moon Island. Other companies such as the tower and rescue units received specialized training and their annual certifications.

Previous Studies of the Department

"The Fire Alarm Dispatch System RFP," March 1977, contained some evaluative discussion of the current status of equipment and procedures in the Alarms Division. The great majority of this document dealt with the system specifications and contracting matters relating to the design, selection, and installation of a computer-aided dispatch system. Since funding was not provided to implement this proposed system, it is likely that the improvements possible through computerization of Alarms Division operations remain to be accomplished, as noted earlier in this chapter.

The Boston Fire Department Systems Study by O'Hagen Associates, March 1982, identified several procedural, deployment, and fire site management improvements, many of which the Department has implemented. Even prior to implementation of these recommendations, the consultant determined that, in general, the City had adequate resources which were cost-effectively deployed "to offer a reasonable level of fire protection" to those who live and work in the City. The consultant cautioned that this was true only if the firefighting companies were continually manned at a minimum staffing level of one officer and 3 to 4 firefighters. This staffing level is reflected in current Department policy, and generally is achieved in the City's fire companies today.

Beyond operational issues, this study identified weaknesses in administrative systems, such as personnel management information systems. Some progress has been made in these areas, but much remains to be accomplished, as described earlier in this chapter.

Finally, the Boston in Transition report of January, 1984 identified affirmative action, equipment, and community relations as areas for Departmental improvement. Within practical constraints, excellent progress has been made in implementing these recommendations.

RECOMMENDATIONS

The following recommendations are provided in priority order and represent a summary of key actions required, based on the findings as previously presented.

- Enhancement of administrative area with one or more senior level positions;

- Strengthening of management systems;
- Improvement of the equipment of the Alarms Division;
- Investigation of potential improvements in fire prevention; and
- Increase in responsiveness of other agencies.

Enhancement of the Administrative Area

The operationally focused management of the Department should be enhanced with one or more senior level positions responsible for administration and support systems. The current uniformed position of Commissioner is appropriate, given the basic mission of the Department. However, equally strong leadership is needed in the administrative area in order to effectively manage the Department's \$60 million operation.

A new position should be created with authority similar to a "Deputy Commissioner for Administrative Affairs," reporting directly to the Fire Commissioner. This position would assume responsibility for all headquarters administrative, personnel, and data processing functions. Another responsibility would be to administrative and operating departments within the City. Further, this function would oversee all activities concerning:

- Department-wide personnel management and tracking systems;
- reporting systems for performance measurement within each division;
- Department budgeting and fiscal control procedures; and
- planning, development, and implementation of computerized management information systems.

Management Systems

The Department's management systems should be strengthened significantly, both in terms of the types of information accumulated and summarized, and the quality and reliability of the data.

Examples:

- personnel assignment, status, scheduling and monitoring; and
- activity and performance indicators, routinely generated from independent, reliable sources such as dispatch time, response time, fire severity measures, property damage measures, citizen injury measures, arson investigations, arrests, proportion of structural and non-structural fires of incendiary origin, and equipment readiness/downtime measures.

A few, possibly civilian, staff should be dedicated to support management in the analysis and interpretation of data on the Department's performance. Key

summary performance indicators should be included as part of the annual budgeting process, with goals established and progress toward these goals agreed upon as a condition of receiving requested funding levels.

Alarms Division Equipment

Significant new investment should be directed toward improving the systems and equipment in the Alarms Division in order to enhance:

- dispatch capability;
- advance information available to the responding companies about the fire site;
- generation of personnel status/deployment, alarm response, and fire management statistics; and
- detailed statistics available for analysis of fire incidences.

Without these information improvements, which are available only through computerization, the maximum potential benefits from recent improvements in firefighting equipment, manpower, and training cannot be achieved.

Fire Prevention

The potential benefits of increased resources and inter-agency cooperation directed at fire prevention should be actively investigated.

Other Agencies

Significant improvements are required in the responsiveness of other agencies to meeting the Fire Department's needs. Examples, in priority order, are:

- BWSC - hydrant maintenance;
- MIS - management systems development needs;
- Public Facilities - major firehouse repairs; and
- Police - design specifications to planned "E-9-1-1" system.

IX. HEALTH BENEFITS AND INSURANCE

HEALTH BENEFITS AND INSURANCE

Employees: 15

Appropriation
(including benefits): FY85: \$56,893,341

Plan Participants:	15,246	active
	10,910	retired

OVERVIEW

The Health Benefits and Insurance Division

The Health Benefits and Insurance Division ("Division") administers the group insurance plans provided as benefits to City employees for both active and retired employees under the provisions of Massachusetts General Laws Chapter 32B ("Chapter 32B"). The insurance programs available include health, life, and accidental death and disability coverage. This chapter will address only the health insurance coverage provided by the Division ("the plan").

The health insurance plan available to employees includes the choice of participation in a traditional insurance program funded on a self-insured basis with Blue Cross/Blue Shield providing claims administration or one of eight HMO's (health maintenance organizations) which contract with the City.

Currently, the Division consists of a Director and 14 staff members. The current Director assumed her responsibilities in October, 1984 and possesses both the education and the professional background to administer the program.

The Fiscal Year 1985 (FY85) appropriation for benefits and Division personnel was \$56,893,341. As of FY85, 15,246 active and 10,910 retired City employees participated in the plan.

The Plan

Pursuant to statute, the coverage available to City employees is divided into two parts: the City's self-funded and self-administered health insurance program, and the privately-owned, premium-based HMO health insurance program. City employees may choose between these two programs as their source of health insurance.

Self-Insurance Fund or Traditional Plan. The self-insured program is funded out of a trust administered by three trustees. These trustees include the Health Benefit and Insurance Division Director, the Assistant Director of Administrative Services, and the City Treasurer. The trust corpus is funded through a City appropriation and a payroll deduction plan for those City employees choosing this option for their health insurance. Based on City Council acceptance of Chapter 32B, Section 3A, the premium contributions are divided as follows: 75% funding by the City and 25% funding by the employee through payroll deductions for each pay period.

The total premiums are set prior to each fiscal year under a formula devised by the Director. That premium formula is the quotient of the current year's projected costs divided by the projected City employee participants in the plan, weighted by the individual and family coverages. For its part, the City sets aside funds in the trust account equal to its 75% share of the total premiums and the 25% payroll deductions per pay period.

Claims under this system are not administered by the Division. Rather, pursuant to a three-year contract, Blue Cross/Blue Shield, Inc. ("Blue Cross"), a private, non-profit corporation, administers the claims made by employees. Under this system, if an active employee (or retired employee) needs health care services, the employee obtains such services from a doctor or facility of the individual's choice, and then files a claim with Blue Cross. Each month, Blue Cross provides the Director with a bill for charges incurred by program participants and a claims printout and computer tape containing the individuals, dates of service and charges. The Director then transfers monies from the appropriation account and employee deduction accounts to the trust fund and prepares a transfer statement which is presented to the Treasurer, who writes a check to the claims administrator from the Trust Fund Accounts.

The benefits provided under this arrangement are comparable to the Master Medical coverage which Blue Cross offers employees on a premium basis. In addition, the plan provides supplemental benefits to retired employees who are eligible for Medicare, making the Medicare package as attractive as the package offered to other employees while shifting the major portion of costs to the federal government.

For FY85, the breakdown of employees who utilize the self-funded traditional plan is 9,408 active and 10,910 retired employees, with 4,875 of the total retired employees receiving supplemental Medicare benefits.

To protect the self-funded program from unanticipated costs, the Division maintains reinsurance, which is presently provided under a contract with Blue Cross. Prior to FY86, the Division maintained two reinsurance policies, an aggregate policy which covered the City in the event of catastrophic aggregate costs, and a specific policy which allowed the City to collect on any individual claim in excess of \$125,000.

Because the attachment point on the aggregate coverage was in excess of \$10 million (higher than the anticipated budget for the self-insured program), the likelihood of ever collecting on the policy is nil and the aggregate coverage was dropped for FY86. During FY86, the Division has arranged to collect on over \$1 million on outstanding specific reinsurance claims for the years FY81 to FY85. When these collections have been made, the Division will assess the value of continuing to purchase this coverage versus creating a reinsurance reserve maintained by the City.

HMO Insurance. The City is required by statute to offer an alternative health insurance program and fulfills its obligation by contracting with eight HMO's. The HMO carriers are chosen by the Director based on the geographic areas they serve, the quality of benefits they provide and the rates charged for the service.

By statute, the amount contributed to premiums by the City must be equal to the dollar value of the amount the City contributes to the traditional insurance plan.

Because the City's contribution to the traditional plan is a composite rate for both active and retired employees, whereas the HMO's serve a mainly active population, the working rates in the traditional plan are substantially higher than the premium cost of the HMO's. Fulfillment of the equal dollar value requirement means that the City provides the HMO alternative at no cost to the employee. Thus, there is no price incentive to consumers to choose one HMO over another. The HMO contract rate with the City is set after negotiations with the Director based on actuarial information submitted by the HMO.

For FY85, 5,838 active City employees are enrolled in the HMO option. A few hundred retired employees are enrolled in special senior plans available at only three HMO's which are eligible for Medicare. The Division administers this program, through its own staff, without outside supplemental services.

CRITICAL PERFORMANCE MEASURES

The priority order of essential performance standards by which the Division's effectiveness should be measured are:

- Cost containment;
- Claims administration;
- Enrollment; and
- Management.

As is noted in the following discussion, these four performance standards are dynamic in nature. Their interrelationship is such that they cannot be viewed in isolation from each other. Costs are determined by claims administration which, in turn, is affected by enrollment and management.

Ordinarily, the test for the effectiveness of Division performance against these measures would be to compare the savings generated to savings generated by similar efforts in the past. However, such a review was impossible for two reasons: (1) some documentation was under subpoena from the U.S. Attorney's office, and therefore unavailable, and (2) other documentation was missing from the files. Notwithstanding these problems, a review was conducted of available historical material, but that material did not contain a basis for a savings comparison.

ASSESSMENT OF PERFORMANCE

Cost Containment

Under the self-funded plan, the largest cost factor is the projected cost for claims for the coming fiscal year. The following exhibit shows the actual rates and the percentage increases in the self-insurance fund per month from FY82 to FY86.

EXHIBIT 1

Fiscal Year	Active Employees		% Increase
	From	To	
1981-82			
Individual	\$16.32	\$17.85	9.4%
Family	41.07	45.15	10.0
1982-83			
Individual	17.85	23.94	34.0%
Family	45.18	57.47	29.4%
1983-84			
Individual	23.94	29.97	25.2%
Family	52.47	68.73	19.6%
1984-85			
Individual	29.97	33.24	11.0%
Family	68.73	77.49	12.7%
1985-86			
Individual	33.24	38.25	15.1%
Family	77.49	84.33	8.8%

There are four strategies available to the Division for containing costs:

- Prudent administration of contractual relationships;
- Administration of the benefits package in ways that promote health prevention and minimize over-utilization of benefits;

- Implementation of employee wellness programs; and
- Careful maintenance of the risk pool in the self-insured program.

During the last fiscal year the Division has made significant strides in each of the above areas including:

Contract Administration

- Renegotiated the terms of payment under the self-insured contract, thereby recovering a \$5.8 million claims deposit;
- Terminated the City's relationship with two consulting companies from whom the City was not receiving value for its dollar. One termination saved the City \$300,000 in FY85 and \$800,000 in FY86. The other termination is still under negotiation and FY85 savings cannot be estimated, but FY86 savings will be \$275,000;
- Placed the City's reinsurance contract with a new carrier. By changing the terms of the contract \$185,000 was saved by FY86. Began collecting on the reinsurance claims outstanding for 1980-85. So far recoveries have totalled \$381,000. Total recoveries are estimated to be \$1,118,000; and
- Identified two HMO's doing business with the City as having excessively high rates. Renegotiation of the rates saved \$157,000 for FY86.

Benefit Administration

- Implemented a Second Surgical Opinion program for Blue Cross/Blue Shield subscribers as of October 1, 1985. This program is primarily a consumer education program but may save the City up to \$300,000; and
- Additional charges in administration of the benefits package are anticipated in the contract which will shortly go out to bid for FY87.

Employee Wellness

- In October 1985, the Division implemented "Boston's Fittest," an employee wellness program for City Hall employees. Activities to date have included a health fair, a smoking cessation program and a hypnosis and weight loss seminar.

Risk Pool Maintenance

- Central to containing costs in the self-insured program is maintaining a risk pool with favorable health status. Unfortunately, since the creation of the self-funded program in July 1980, the risk pool has been allowed to erode at an alarming rate.

Because HMO's are offered to employees at no cost, many of the younger, healthier employees have been drawn into HMO's. Employees with health problems tend to prefer the traditional program where they have greater flexibility of suppliers and hospitals. At present, 53.7% of the employees participating in the self-insured program are retirees, which means that costs are certain to be high.

The future viability of the self-insured program depends on the Division's ability to lure active employees back into the self-insured program. The Division should evaluate whether it should disaggregate the composite rate offered to active and retired employees. If rates for active and retired employees are set separately, the dollar value of the active employees' contribution would be less, thereby lessening the price incentive to participate in an HMO.

Claims Administration

Under the traditional insurance program, Blue Cross pays claims incurred by City employees and, for these services, charges the City 6.5% of the value of claims paid. This means that one of the critical components of cost is not under the City's control.

An effective claims administration system would include audits for the following kinds of information:

- verification that the employee is currently a participant in the plan;
- verification that the service billed was actually rendered;
- verification that the charges billed are the approved rates for the provider and procedure;
- ability to collect from other insurers under coordination of benefit provisions; and
- subrogation of accident claims.

Blue Cross claims to provide these services, but research indicates that the administrative systems available at Blue Cross do not produce that data. Furthermore, the cost plus administrative charge basis on which Blue Cross is paid provides a disincentive for the organization to control costs, because the higher the dollar value of claims the greater the administrative charge Blue Cross receives from the City.

The Division has conducted an audit of participants by comparing payroll deduction information maintained by the City with enrollment files maintained by Blue Cross. The audit generated a large number of discrepancies and revealed that the information maintained by Blue Cross is inadequate to perform effective claims administration.

The Division has begun re-enrolling City employees who participate in health insurance programs in an attempt to develop a database that is both complete enough and accurate enough to enable the City to audit the monthly claims tapes provided by Blue Cross. To develop this auditing capacity, the Division's record system will have to be converted to a computerized system. Ultimately, the Division will have to evaluate the cost effectiveness of continuing to have a third party administer claims versus developing the internal capacity to perform this function.

Enrollment

A third performance standard is the number of employees enrolled in the plan. The City benefits from increased enrollment in two respects: (1) health insurance coverage for a larger number of City employees, and (2) a decrease in the rates for health insurance coverage in the self-funded program.

For FY85, a total of 15,246 active City employees were enrolled in the health insurance program. This represents 77% of total active City employees. The total number of active employees was increased by approximately 1,000 during the fiscal year. To continue this trend, the Division has embarked on a comprehensive program designed to increase employee awareness. This program includes:

- reassessing all enrollment policies and procedures;
- conducting enrollment by departmental personnel officers at the employees' work site;
- developing and implementing a waiver form for employees not desiring to participate in group health or life insurance programs;
- developing a public information program regarding policies and benefits;
- developing informational materials for new employees explaining the policies and benefits available;
- developing information materials for retired employees; and
- providing regular orientation sessions for personnel officers and new employees.

Management of the Division

Perhaps insignificant in terms of total dollars, but nonetheless beneficial for cost containment purposes, is adequate staffing of the Division.

Over the last four years, Division staff has been reduced from 19 employees to 15 employees. On the other hand, actions have been initiated by the Director to upgrade the internal operations of the Division. Such steps include:

- an assessment of the division of labor and redesign of staff functions;
- development of procedures manuals;
- development of monthly transactions logs;
- development of a general ledger;
- assistance to interested employees in joining entrance programs for higher education; and
- development of an in-service program to upgrade employee skills and knowledge of insurance issues.

The Committee's research indicated that similar action goals did not exist previously. Therefore, there exists no basis for comparison of these programs with past performance. However, the mere fact that such programs now exist is indicative of potential increased efficiency and corresponding savings.

RECOMMENDATIONS

The Mayor's Management Review Committee recommends that the Health Benefits and Insurance Division implement the following actions:

- Evaluate claims administration and create a table of allowable fees to exercise oversight on fees paid for medical services rendered;
- Create an automated computer-based data and records system:
 - match City employees, both active and retired, to claims filed; and
 - monitor use of the health insurance system by employees;
- Lower the cost of the self-funded program to make that plan more competitive with the HMO plan:

- provide a price incentive to have more active employees use the traditional plan, thus lowering risk and protecting against trust corpus erosion;
- Create a funded Employee Wellness Program:
 - using data gathered through the automated data and records system, illness trends for City employees could be ascertained earlier and preventative steps taken, resulting in lower risk and lower overall costs; and
- Increase appropriations for funding a self-insured reinsurance program.

X. INSPECTIONAL SERVICES

INSPECTIONAL SERVICES

Employees: 224

Appropriations:	FY84	\$6,931,808
	FY85	6,478,847
	FY86	5,746,918
	FY86 Supplemental	
	(Pending) -	\$2,080,000

Mission: The protection of the health and safety of the people of Boston through the effective and timely enforcement of building, zoning and sanitary codes and state and federal standards for weights and measures.

OVERVIEW

Introduction

The Inspectional Services Department as presently constituted was created in 1981 by Chapter 19 of the Ordinances of 1981. This ordinance merged the City's former Building and Housing Inspection Departments, Weights and Measures Division, and the Environmental Health Services Division of the Department of Health and Hospitals. The Department is charged with the administration and enforcement of federal, state and City building, sanitary and zoning codes, and federal and state standards for weights and measures.

ISD has been the subject of several internal and external management studies of varying depths in recent years. Each of these studies concluded that the Department lacked any clearly defined work management system or concept of its mission. Employees were rarely held accountable for even the most routine tasks, and performed their duties without any direct management supervision. The reviews found further that the absence of modern data entry computer capabilities to track work and caseload within the Department made efficient, timely and accurate performance of duties almost impossible.

The Mayor's Management Review Committee review confirmed many of the observations made by previous studies. Nevertheless, the Committee found that a significant change in attitude had occurred in the past year through the efforts of the new Commissioner and Mayor Flynn. At least at the senior and middle management level, a foundation appears to have been laid to redress many of the problems that have historically plagued the Department. Management's continued success will, however, require persistence by the City, including a financial commitment, for several years.

At the date of this report, ISD consists of 224 employees under the supervision of a Commissioner, one Deputy Commissioner and two Assistant Commissioners. Presently, it is housed in five separate locations within and

without City Hall. The Commissioner and other senior and middle management personnel, the Building and Health Divisions, the Board of Appeals, the Board of Examiners, the legal enforcement staff and most administrative, clerical and support staff are located on the eighth floor of City Hall in three different offices. The Weights and Measures Division is located on the City Hall mezzanine and the Housing Inspection Division is located at 152 North Street in the North End. There is currently no centralized switchboard or referral system connecting these locations. Following an internal space utilization study of City Hall facilities and a search conducted by the City's Economic Development and Industrial Corporation, the Commissioner and the Mayor have approved the relocation of the entire Department effective May 1, 1986 to leased space at 1010 Massachusetts Avenue in Lower Roxbury.

The varied nature of ISD's functions, affecting directly or indirectly the safety and health of every resident of or visitor to the City, results in this Department having perhaps a greater degree of citizen contact than any other municipal division. Accordingly, the administrative inefficiency, unresponsiveness and delays which have long been associated with ISD have colored many residents' impressions of the entire City government. Moreover, the field inspection nature of much of the Department's work, coupled with an historic absence of internal performance standards and accountability controls, have produced a fertile ground for corruption, amply documented by recent state and federal investigations.

Organizational Structure

Although the current organizational structure of the Department appears on paper to have a functional rationale, in practice it blurs supervisory responsibility and results in needless administrative complexity while blocking direct interaction between senior and middle management. Senior management consists of the Commissioner, one Deputy Commissioner and three Assistant Commissioner positions (one of which is vacant). Since 1979, the Department has had five separate Commissioners. The Commissioner's authority flows through the Deputy Commissioner, who currently is responsible for direct supervision of the enforcement and plans examination and review units, to one Assistant Commissioner with direct supervisory responsibility for the building, health and housing inspectional units and the weights and measures unit, and a second Assistant Commissioner nominally responsible for supervision of administration, personnel, data entry, clerical and cash and counter units.

Building Division. The Department's Building Division is responsible for enforcement of the state building and City zoning codes which govern most construction, renovation and rehabilitation of projects in the City. In addition to administering the City's building permit process, the Building Division conducts structural, plumbing, electrical, gas and elevator inspections during construction. The Division is comprised of three functional units: permit application and compliance, engineer and testing, and building inspection. The permit application process cuts across all these units, under different senior supervisors. This process, on the Department's permit flow chart, involves as many as 49 separate activities, requiring 26 separate decisions and 10 principal documents on as many as 30 separate forms. Permit application and plans and zoning review are

administratively separate units from building inspection, each under different middle management supervision. While initial zoning review is under the supervision of a Supervisor of Structural Engineering, reporting to one Assistant Commissioner, on-site zoning inspection is done in the inspection unit reporting to a second Assistant Commissioner, and zoning appeals are processed through the independent Board of Appeals, administratively within the responsibility of a third Assistant Commissioner. A complicated permit, from application to the issuance of a final certificate of occupancy, may involve the activities of as many as eight administratively distinct units within the Department, each organized on a separate chain of supervisory responsibility.

Housing Inspection Division. The Housing Inspection Division is charged with the enforcement of those provisions of the State Sanitary Code pertaining to residential housing habitation and safety. While the organization of the Housing Inspection Division on paper does not present the same functional separation of duties among different chains of command as presented by the Building Division, the separate location of the Division from the rest of the Department effectively isolates it from senior management. Division personnel include 41 field inspectors under the immediate supervision of 9 Senior Housing Inspectors, and 7 Principal Housing Inspectors who are in turn supervised by a Chief of Code Enforcement, Assistant Director, and Principal Administrative Assistant, all located in the North End. The Division as a whole (like the Building, Health and Weights and Measures Divisions) is under the supervision of the Assistant Commissioner for Buildings in City Hall. In addition to separate locations, the physical barriers and absence of interdepartmental communication facilities have prevented effective integration of the Division into ISD as was contemplated by the 1981 reorganization. In addition, while the workload and mission of this Division is viewed by the public as equal in importance to those of the Building Division, the fact that senior management is shared with the other three major Divisions and the lack of direct access to the Commissioner effectively block the flow of information from middle management to the Commissioner's office.

Health and Environmental Division. The ISD's Health and Environmental Division is charged with the inspection of restaurants, cafeterias and other food service vendors and related facilities through enforcement of various sections of the State Sanitary Code and local City ordinances. The Health and Environmental Division consists of 19 health and sanitation inspectors under the immediate supervision of a Chief Health Inspector and a Director of Health and Environment. The Division's physical location in City Hall adjacent to the Building Division, as well as direct initiatives taken by the Commissioner, appear to have prevented the management isolation noted in the Housing Inspection Division.

Weights and Measures Division. The Weights and Measures Division administers and enforces tests and standards established by the National Bureau of Standards governing most wholesale and retail scales and meters in the City, including fuel oil truck meters, gasoline pumps, taxi meters, retail food scales, pre-packaged food labels and other measuring devices. The Division consists of 11 Deputy Sealers (with one current vacancy) under the direct supervision of a chief deputy and the Sealer of Weights and Measures. Like the Housing

Inspection Division, the Weights and Measures Division is housed in separate offices from the ISD main office in City Hall and is supervised by the Assistant Commissioner for Buildings. The Division has operated in the past, and continues to operate, essentially as a separate City agency.

Board of Appeals. The Department also includes the Board of Appeals, a quasi-independent commission, consisting of five members, appointed by the Mayor but reporting to him through the Commissioner of ISD, which primarily hears appeals seeking variances or conditional use permits under the City's Zoning Code and the State Building Code. The Board conducts hearings every Tuesday at which it reviews approximately 15 cases and issues written decisions which are first approved by the City's Law Department. The office staff which processes each appeal consists of an Executive Secretary, one Head Clerk and two clerks who are responsible for scheduling each appeal for a hearing (usually within 2 or 3 months of the date the appeal is filed), providing notice to abutters, and recording the proceedings. In addition, the staff fields calls from the public concerning general zoning information.

Board of Examiners. Like the Board of Appeals, the Board of Examiners is a quasi-independent commission administratively under the jurisdiction of ISD, but whose activities are not under ISD's control or authority. ISD is, however, responsible for the Board's budget. The Board of Examiners meets every Tuesday from 2:00 p.m. to 5:00 p.m. Currently, an applicant must wait six months from the time the application is filed until the testing can be conducted. However, once an applicant has been tested successfully, a license is issued usually within one week.

Budget, Personnel, Workload and Revenue

Due to lack of a computerized database and accurate data entry control, as well as constantly changing statistical standards, production of reliable comparative financial, personnel and workload information for the Department's activities is difficult and, in certain cases, impossible. In general, however, the past two years have witnessed a significant decrease in appropriations to the Department and a reduction in staff, while at the same time there has been an increase in work activity and increased Departmental revenues (at least in the Building Division). However, increased workload per employee has not generally been the result of productivity improvements. Rather, the increase in workload has produced additional and longer delays in processing applications and complaints. Increased revenue also does not reflect increased productivity, but is primarily a result of greater permit application volume and increased fees.

Budget. Departmental appropriations for the last three years evidence a steady decline. Thus the FY84 Departmental budget was set at \$6,931,808, the FY85 figure was \$6,478,847 and for FY86 \$5,746,918. Exhibit 1 below, supplied by the Commissioner, compares the FY85 and FY86 appropriations broken down by division:

EXHIBIT 1

INSPECTIONAL SERVICES DEPARTMENT
APPROPRIATIONS BY DIVISION

<u>Unit</u>	<u>FY85</u>	<u>FY86</u>	<u>Decrease</u>
Administration	\$1,064,770	\$ 745,516	\$319,254
Housing/Health	2,129,838	2,065,148	64,690
Building & Structure	1,342,151	1,185,418	156,733
Plan Review Unit	236,568	226,886	9,682
Weights/Measures	266,546	231,598	34,948
Board of Examiners	61,284	35,787	25,497
Board of Appeals	162,840	108,345	54,495
Non Personnel	<u>1,214,850</u>	<u>1,148,220</u>	<u>66,630</u>
TOTAL	<u>\$6,478,847</u>	<u>\$5,746,918</u>	<u>\$731,929</u>

Personnel. Precise figures on Departmental staffing levels over the last three years were not available. However, the following exhibit, provided by the Department, compares the staffing levels over the past two years, and again reflects a substantial decrease.

EXHIBIT 2

INSPECTIONAL SERVICES DEPARTMENT RECENT STAFFING LEVELS

<u>Unit</u>	<u>Staff Levels</u>		<u>Difference</u>
	<u>FY85</u>	<u>FY86</u>	
Administration	53	36	-17
Housing/Health	104	93	-11
Building			
Bldg. Insp.	23	19	-04
Elec.	14	12	-02
Elev.	7	6	-01
Plb/Gas/Sprk	13	12	-01
Egress	2	1	-01
Admin/Support	5	2	-03
Building Total	64	52	-12
Plan Review Unit	10	9	-01
Weights/Measures	14	12	-02
Board of Examiners	6	5	-01 (incl. Bd. members)
Board of Appeals	<u>12</u>	<u>13</u>	<u>+01</u> (incl. Bd. members; actual decrease of 1
TOTAL	263	220	-43

Workload. The following exhibit, supplied by the Department, compares work activity over the past two fiscal years. As is evident from the last column, there has been an increase in "work units" with the exception of elevator inspections (which will be taken over by the State in 1987).

EXHIBIT 3

INSPECTIONAL SERVICES DEPARTMENT RECENT WORK ACTIVITY

<u>Unit</u>	<u>Annual Units</u>	<u>First Quarter Activities</u>		
	<u>FY85</u>	<u>FY85</u>	<u>FY86</u>	<u>Difference</u>
Housing	828*	0**	472	**
	(54,728)(1)			
Health	7,020	*	*	*
Building/Engineering and Testing				
Bldg Permits	8,374	1,933	3,061	+ 1,128
Elec.	5,995	1,464	1,643	+ 179
Elev.	5,751	1,322	1,046	- 276
Plb/Gas/Sprk.	7,438	1,668	2,197	+ 529
Egress	2,172	326	565	+ 239
Use and Occ.	1,368	328	397	+ 69
Fire Warning	775	173	259	+ 86
Misc Bldg.	626	<u>140</u>	<u>185</u>	+ <u>45</u>
Building Total	32,499	7,354	9,353	+ 1,999
Building Violations	4,496	*	*	*
Weights & Measures	23,208	*	*	*
Board of Examiners	*	*	*	*
Board of Appeals	<u>717</u>	144	272	+ 128
TOTAL	68,768			

* Unable to calculate or information not available.

** Rental unit inspection/fee initiated 1-1-85.

(1) Note: This figure represents the actual number of inspections reported during FY84 and maintained on computerized records. This represented approximately 4,500 inspections per month.

During FY84, the Board of Appeals heard 806 cases. In FY85 the number dropped to 717. However, a comparison of the first quarter figures for FY85 and FY86 reflects an 89% increase, and the projected total figure for FY86 is between 900 and 1,000 cases. Of the cases heard in FY85, 75% of the appeals were approved or approved with provisos, 18% of the cases were dismissed, 5% were withdrawn and 6.5% were unaccounted for. FY84 statistics show a similar breakdown of dispositions.

Looked at together, the decreasing figures for the budget and staff levels coupled with the increased work activity might suggest a trend toward greater efficiency and productivity within the Department. Unfortunately, the reverse is true. While the public demand for service has increased, the diminishing staff has been less and less capable of handling the workload, resulting in long delays in processing and a large backlog of work.

Revenue. The following exhibit, supplied by the Department, provides a comparison of revenues generated by the Department in the first quarters of FY85 and FY86.

EXHIBIT 4

INSPECTIONAL SERVICES DEPARTMENT REVENUES GENERATED

<u>Unit</u>	<u>Annual Revenues</u>		<u>First Quarter Revenues</u>		
	<u>FY85</u>	<u>FY85</u>	<u>FY86</u>	<u>Difference</u>	
Administration	\$ 2,365	\$ 8,111	\$ 8,335	+	\$ 224
Housing	21,875	--	13,675	+	13,675
Health	492,170	46,226	35,530	-	10,696
Building	7,093,298	1,653,299	2,600,897	+	947,598
Weights/Measures	109,812	24,880	22,480	-	2,400
Board of Examiners	94,390	22,365	26,090	+	3,725
Board of Appeals	<u>162,085</u>	<u>31,700</u>	<u>49,910</u>	+	<u>18,210</u>
TOTAL	\$7,975,995	\$1,786,581	\$2,756,917	+	\$970,336

Again, the figures show a substantial increase from the previous year. These figures, like those for work activity, do not reflect increased departmental productivity. For the most part, fees are generated by the permitting process and are collected at the time of application, not completion. These figures also reflect recent increases in amounts charged. Thus, the total revenue generated cannot be viewed as a barometer of Department success.

The exhibit above indicates that fee income generated in the Building Division supports the budgets of each of the other ISD divisions. Revenue generated by the Health Division, Weights and Measures Division, Board of Appeals and Board of Examiners is in each case less than the division budget although each unit performs defined functions where the cost is capable of measurement and assessment on the regulated industries. Due to the nature of the Housing Inspection Division's services, however, it is unlikely or unrealistic to expect the revenues of this Division to equal its budget, thus requiring supplementary funds from other Departmental revenue or general revenue funds. The exhibits also show that the Department as a whole receives income in excess of budget, thus supplementing the general revenues of the City, even while recent years have witnessed a significant decline in departmental appropriations.

The Mayor has submitted a FY86 supplemental appropriation request to the City Council for \$2,080,000 to maintain existing personnel complements at December 31, 1985 levels, fund the costs of the Department's relocation, and provide monies to implement needed data entry and microfilming procedures. Approval of this request, which the Committee endorses, would still result in total Departmental appropriations less than projected FY86 Departmental revenues. The Committee also recommends consideration by the City Council of revised and increased fees in the Weights and Measures and Health Divisions to more closely match their budgets to revenue.

Employee Profile/Unions

The average age of all ISD employees as of August 8, 1985 was 50.13 years, with over 40% over the age of 50. At that date, approximately 40 Departmental employees were over the age of 60 while only 23 were 35 or younger. Salaries range from approximately \$200/week to approximately \$680/week for non-management positions, and from approximately \$290/week to \$900/week for management. There are approximately 135 inspectors in the Department whose salaries range from approximately \$13,680 per year at the lowest grade and step level to approximately \$31,680 at the highest grade and step level. Grade levels are not uniform across divisions, so inspectors in the Health Division may not be receiving comparable salaries to inspectors of equal seniority in the Housing or Building Divisions.

As is the case with most public sector employment, salary levels in the Department are significantly lower than private sector levels. This is of particular concern in ISD where inspectors and other professionals receive salaries substantially lower than comparable positions in the trades they regulate and inspect. This inadequacy offers disincentives for younger people to join the Department in entry-level positions and accounts for the high incidence of older

employees who have retired from trade vocations and receive supplemental income from union pensions. The low salary scales also encourage employees to maintain second jobs which compete or interfere with ISD duties.

Of the 224 Departmental employees, approximately 18-20 are not unionized. Moreover, there is currently some discussion within middle management about the formation of a union which would further reduce the non-union personnel to only 5 or 6. Currently, two collective bargaining agreements are in force, one with the American Federation of State, County and Municipal Employees and one with Local 285 of the Service Employees International Union. Both contracts expire June 30, 1987.

CRITICAL PERFORMANCE MEASURES

The development of critical performance measures for ISD, while essential if the Department is to make any marked improvement, is difficult due to the varied nature of the Department's activities and the lack of historical performance data. The development of performance standards must, however, be preceded by the identification within the Department of the clientele or constituency which it serves. The common denominator for the services provided by the Department is the protection of the health and safety of the general public. A perception has developed, however, both within and outside of the Department, that its constituency is, at best, the bureaucratic system and, at worst, the builders, landlords or other providers the Department is designed to regulate. The institutionalization of performance measures must, therefore, begin with a redirection, or reprogramming, of emphasis within Department staff to focus its attention on compliance with and enforcement of the law.

Critical performance measures for the Department must also bridge the fine line between quantity and quality. While quota systems, time limits and expedited procedures will lower permit application delays or complaint response time, without adequate training, supervision and accountability standards there is no guarantee of quality control.

The Committee believes ISD can establish performance measures based on permit processing time measurements and complaint response time without sacrificing quality control. Standardized time limits for routine clerical functions and maximum response time allowances for inspections will go a long way toward creating a positive view of the Department in the public domain as well as regularizing intradepartmental procedures.

ASSESSMENT OF PERFORMANCE

Background

The general public perception of ISD, based on media accounts, is that it is an inefficient, corrupt organization, lacking even basic internal performance standards or accountability controls, which has been a dumping ground for

political appointees for many years. Although the Committee has found evidence that the Flynn administration, and particularly the new Commissioner, has made significant management improvements in the past two years, the Committee's review confirms that this public perception is well founded.

Prior Assessments

Since January 1984, ISD has been the subject of one external and one internal management study and an evaluation by the City Council. In January 1984, the Department was reviewed by two transitional task forces appointed by Mayor Flynn (one on basic city services and one on housing). Those task forces made the following observations and conclusions, among others:

- Enforcement of the State Sanitary Code within the Housing Inspection Division was deficient and haphazard. Of 21,000 complaints received by the Division in the then most recent year (1982), only 1,750 were prosecuted in court; in 1983, of 40,000 complaints filed with the Division, only 60% were scheduled for inspection and only 2,800 were actually recorded as inspected;
- The issuance of building permits in the Building Division required unnecessary delays - delays were tolerated "as a general rule";
- Non-emergency Sanitary Code violations took six weeks on average to reach an initial court hearing; emergency cases took three days to be placed on the court docket; enforcement lacked uniformity;
- Senior and middle management performed insufficient monitoring of inspectional activity; the task forces noted poor record keeping, a lack of clear performance standards, and a failure to develop a comprehensive set of management reports;
- Departmental records showed a virtual absence of minority and women employees in inspection or managerial positions;
- A backlog of over 350 cases was noted in the Board of Appeals; appeals took a minimum of four months to conclude; and
- The Department lacked a clear sense of agency priorities; housing and sanitation problems were not seen as a priority; ISD housing inspectors took a "hands off" approach to federal and state assisted housing; day reports of inspectors showed little correlation to actual inspectional activity.

Among the various recommendations made by the task forces were the following:

- A new Commissioner should be appointed who is sensitive to housing, sanitation and neighborhood concerns and who should be charged with a complete analysis of the Department's internal controls;

- The Department should devise a system of measurable performance standards and codify regulations for the permit process;
- The City should create an internal audit unit;
- The Department should develop an accurate set of management information reports, rotate building and housing inspectors and institute a system of personnel evaluation reports; and
- The intradepartmental referral system should be improved.

In October 1984, the City's Department of Management Information Systems performed an analysis of three of the four divisions in the Department, with particular attention to ISD's procedures and documentation. The study concluded, among other things, that:

- The Building Division was lacking in many basic forms of managerial controls, resulting in a Division "with a greatly diminished capacity to conduct anything more than the most basic inspections;"
- Centralized control of inspectors was not available;
- Database documentation was either non-existent or very difficult to follow;
- Superiors had little knowledge of how their staff actually operates;
- Legal referrals were extremely slow - of 1,731 Building Division cases referred for prosecution since December 1979, 96.2% were still pending; and
- The Housing Inspection Division showed an absence of quality control of current procedures.

The report recommended that the consolidated Department be abolished and that the Health and Weights and Measures Divisions be transferred to the City's Department of Consumer Affairs/Licensing. The report also recommended a modernization of the cashier's equipment and the implementation of new computerized data entry and control systems in the remaining divisions for inspection tracking, work scheduling and complaint matching, and the implementation of management control and accountability systems.

In response to the MIS report, the City Council enacted Chapter 6 of the Ordinances of 1985 (vetoed by the Mayor on April 12, 1985 but passed again by the Council over the Mayor's veto and now the subject of litigation between the Council and the Mayor) mandating the dismemberment of the Department. The ordinance would again create separate Building and Housing Inspection Departments in the City, transfer the Board of Appeals and Board of Examiners to the City's Environmental Department and transfer the Weights and Measures Division and Health and Environmental Division to the Department of Consumer

Affairs/Licensing. In both the Building and Housing Departments, a new Office of Ombudsman would be established to monitor the Department's performance relative to complaint resolution.

Specific Observations of the Committee

The Committee's review of ISD confirms many of the observations of the prior studies:

- Building Division: unacceptably long delays for permits;
- Housing Inspection Division: deficient enforcement of the State Sanitation Code;
- Adequate and well scheduled inspectional activity at the other divisions; and
- Lack of an efficient data management system in all divisions.

Despite these observations, it is clear that the Commissioner and Mayor Flynn have begun to establish a new sense of direction and purpose in the Department. Even in the face of criminal investigations and public scrutiny, morale among most senior and middle management employees is improving. The Commissioner has placed or confirmed a number of young, dedicated professionals in middle management positions, particularly in the Health, Housing, Abandoned Buildings and Legal Enforcement units. The Commissioner has also begun a Departmental command reorganization, instituted weekly staff meetings, tightened reporting requirements and begun the process of defining goals and objectives. However, budget, union and civil service constraints, as well as a long-term institutional resistance to change, severely hamper the Commissioner's effectiveness and, in large part, continue to prevent meaningful improvement.

Building Division. In the Committee's view, the principal deficiencies in the Building Division, like the Housing Inspection Division discussed below, revolve around the management of information and the lack of employee accountability.

The Building Division manages over 8,000 building permits per year involving over 35,000 inspections and resulting in a massive volume of data. The Division, however, operates on an archaic manual system. The Division maintains over 90,000 files (or jackets) on each individual property in the City. The files have not been reproduced or microfilmed and are available to the public upon request. Accordingly, files are often lost or altered. (It is not surprising the material recently subpoenaed by federal prosecutors from these files was found to be missing).

Jacket information, as well as most inspection reports, are completed manually and are often illegible. While the permit application process has been partially computerized, only application, initial review and final approval or

rejection are noted. Interim inspection reports are not recorded. Thus it is almost impossible to correlate or cross check information or to impose accountability standards on individual inspectors.

The Division has not established any clear system of accountability for inspectors. Inspectors report to the central office for only one and a half hours each morning and are not expected to return until the following day. No clear monitoring system has been instituted to ensure that inspectors are actually carrying out the inspections noted on their daily sheets. While the new Commissioner instituted a field inspection unit in August 1985, budget restraints forced him to abandon this in early fall. The field inspections did indicate, however, significant discrepancies between actual inspection activity and Departmental records. Internal working procedures are not clearly defined. There is no quota system for inspectors or analysis of the time requirements for particular inspections. While the new Commissioner has made some progress in encouraging training and professionalism of staff, and has instituted a formalized employee evaluation process for position advancement, routine performance evaluation appears to be the exception rather than the rule.

One exception within the Building Division is the abandoned building unit. Operating on a combination of City funds and federal community development block grants, the Abandoned Buildings Unit of the Building Division is generally responsible for identifying abandoned properties throughout the City and arranging for them to be boarded up and, if necessary, demolished. The unit is operated by one Principal Administrative Assistant and one Field Inspector, two very dedicated and energetic people. They are assisted by another dedicated individual who administers federal funds.

While Abandoned Building personnel appear highly qualified, according to figures provided by the Principal Administrative Assistant, there has been a sharp decrease in funds available to the abandoned buildings unit over the last two fiscal years. In FY83 the unit had a budget of approximately \$1,060,467, in FY84 the figure was approximately \$1,040,070, and in FY85 the number dropped to \$425,000. Allocations as of June and July of 1985 show \$250,000 in City funds and \$100,000 in federal funds. The unit estimates that it will need \$964,702 to accomplish identified tasks through the balance of the year.

A City-wide survey of abandoned buildings as of December 31, 1985 revealed at least 10 buildings that needed demolition as well as 200 that required boarding. The current underfunding of this unit is preventing these services from being rendered, thereby creating health and safety hazards to the citizens.

Housing Inspection Division. The problems observed in the Building Division resulting from deficient management information systems and absence of accountability controls are even more prevalent in the Housing Inspection Division. These matters are further exacerbated by the separate physical location of this Division. What little computerization of existing files and work activity has been accomplished in the Building Division is almost totally lacking in the Housing Division. Middle management states that when a violation on a

particular property is noted, it is often impossible to determine the owner of record, past violation activity, any record of compliance or past inspection activity.

Middle management states that there is sufficient inspector staff to handle current complaint volume (management explains previously observed wide variances between complaint volume and actual inspections as a normal factor of recording repeated complaints, complaints misdirected to the Division and complaints handled by procedures short of inspection). Nevertheless, the Committee and management observe that there is little incentive or initiative in the Division to move beyond a reactive approach to complaints to a pro-active approach to Sanitary Code enforcement. Division personnel estimate that in excess of 1,000 dwellings in the City exhibit serious conditions warranting inspection and violation procedures, but either because of a lack of specific complaints, or frustration over prior complaints, no action is taken by the Division.

Management is further of the view that a significant number of the Division's 7 Principal and 9 Senior Inspectors render little discernable service to the Division. While they are charged with the training and supervision of the line inspectors, there is little evidence of any actual training or supervision being carried out. Management is also of the opinion that many line inspectors cooperate with the Principal and Senior Inspectors to cover their respective absenteeism. While management has rejected a quota system for inspections due to its effect on quality, there appears to be no institutional system to determine either the quality or quantity of inspectional activity.

Enforcement/Legal Unit. At present the entire staff of the legal unit consists of two attorneys and two part-time law students responsible for prosecution of all legal actions instituted by the Department. At the time of this study another attorney was scheduled to join the staff this year. The legal staff processes all of the violations referred for criminal action by the building and housing inspectors. Although at present the legal staff does not monitor the often discretionary referral process, they plan to do so in the future.

A major problem identified by the Principal Legal Assistant is the lack of computerization, which makes it impossible to keep track of repeated violations, monitor reinspection activity, or process efficiently the backlog of cases. Although the Principal Legal Assistant suggested that the current staffing levels may be sufficient given the number of referrals, it is likely that a more regulated, computerized processing of complaints will significantly increase the caseload. If this proves true, the Committee recommends increasing the staff to keep pace. The legal unit is currently undergoing a reorganization under the capable guidance of the Principal Legal Assistant. It was the Committee's impression that with the aid of computerization this unit will be seeing many positive changes in the future.

Health and Environmental Division. Management efficiencies and improvements instituted by the new Commissioner appear to have had their greatest impact in the Health and Environmental Division. This Division is characterized by a dedicated, forward thinking and efficient middle management team. Inspectional activity appears to be adequate and well scheduled. New initiatives such as publication of violations have been successful in heightening public awareness and approval of the Division's job.

Like ISD's other divisions, Health and Environmental also lacks adequate computer and data entry capabilities, resulting in a manual system for tracking complaints and violations. While a data entry system has been chosen, implementation of the system awaits additional appropriation (requested in the FY86 supplemental budget). Middle management expressed satisfaction with staffing levels but noted that health inspectors are assigned step grades at levels below their counterparts in the Building and Health Divisions.

Weights and Measures Division. Although physically and administratively isolated from the main office and management structure of ISD, the Weights and Measures Division also appears to have instituted significant management reforms in the past two years. The Sealer of Weights and Measures has accomplished a reorganization of the Divisional structure, organized a new filing system (although not computerized) and instituted the retention and maintenance of historical testing data. The Division has no serious backlog of tests or complaints. Field checking and complaint monitoring is done by the Sealer and Deputy Sealer, with a scheduled response time of 24 hours. While one study reviewed by the Committee questioned the reliability of the Division's field operations (suggesting that up to 40% of meters spot checked were inaccurate even though certified as valid), the Committee found no evidence to corroborate these findings.

The isolation of the Division from the rest of ISD is particularly evident in budgetary concerns. The Division's budget is prepared by Department staff without adequate consultation with the Division, resulting in the purchase of four trucks in FY85 which were inadequate for the Division's needs and thus largely unusable. Capital equipment needs of the Division are serious. The Sealer estimated a requirement of \$500,000 of new or refurbished equipment to raise the Division to modern standards. ISD budget staff appears only partially responsive to these needs.

The consolidation of ISD at the new quarters on Massachusetts Avenue, while resisted by clerical staff, is viewed as positive by Division middle management. The relocation will help to integrate the Division into ISD as a whole and will improve accountability of the deputy sealers due to centralized parking and vehicle storage.

RECOMMENDATIONS

With respect to the Department as a whole, the Committee makes five principal recommendations:

- Maintain ISD as a consolidated entity;
- Move the ISD units into one office complex;
- Install an efficient database system;
- Match organizational structures with work flow requirements; and
- Establish an employee accountability system.

General Recommendations

ISD As A Consolidated Entity. ISD should be maintained as a consolidated entity as planned by the 1981 reorganization. In the Committee's view, the 1981 reorganization has not failed. Rather, it has not been given a chance to succeed because it has never really been implemented. Assuming a consolidated physical location, a rational management reorganization based on function and work flow, and an integrated data entry and referral system, ISD can function as a single unit with a common purpose. The Committee has no evidence, and no expectation, that dismemberment of ISD as proposed by prior studies or the City Council would produce any measurable improvement in performance. It is rather likely that such an action would only exacerbate existing problems.

Single Office Complex. The Committee endorses the planned move of the Department's separate units into consolidated offices. While the chosen site at 1010 Massachusetts Avenue presents obvious difficulties for staff access and coordination of ISD activities with other City departments, no real improvement will be achieved within the Department until all units are located in the same facility. A centralized location will improve public access to the Department, provide adequate staff and public parking, allow for the implementation of a centralized communication and referral system, and greatly increase accountability. While consolidated offices within or near City Hall would be preferred, the Committee accepts the Department's assessment that no adequate space is available in the Hall or nearby offering the advantages indicated by the new leased space.

Computerized Data Entry. The City must provide the Department, on a consolidated basis, with an efficient, "state of the art" data entry system capable of computerized entry of most information presently logged by hand. Such a system must allow for implementation of a Department-wide referral system. Additional trained staff will also be required to implement the system. The City should proceed immediately to micro-film all existing property jackets and, until this is accomplished, limit unsupervised public access to these files.

Command Structure Reorganization. All Building Division functions should be reorganized into one unit reporting through a single Assistant Commissioner directly to the Commissioner. Housing and health inspection, weights and measures, abandoned buildings, and board-ups and demolitions should be reorganized under a separate combined unit under the supervision of a single Assistant

Commissioner, separate from the Building Division. Lastly, all administrative, personnel and data entry functions should be organized under a third Assistant Commissioner. Such a reorganization has been suggested by the new Commissioner, but is resisted by certain middle management employees and hampered by civil service constraints. In the Committee's view, such an internal reorganization will accomplish many of the benefits intended by the proposals to dismember the Department without losing centralized administration. To the extent limited by collective bargaining agreements or civil service regulations, the City should seek contract modifications and "management rights" legislation to implement this reorganization.

Employee Accountability. In addition to the tightened management control that will accrue from an accurate and comprehensive data entry system, the Department should establish an institutional accountability system utilizing quotas where appropriate, critical performance measures based on response time, or defined activity-unit time limits.

Building Division: Recommendations

In addition to the general recommendations outlined above, the Committee makes the following recommendations with respect to the Building Division:

- The City should appropriate the funds requested in the Mayor's supplemental appropriation for FY86 to micro-film all Division jacket files to preserve their integrity and limit public access to the original file;
- All interim inspection reports should be entered in the existing computerized permit tracing system to provide increased accountability of inspectors and efficient monitoring of individual projects. The Department should immediately review all Division forms required for the permit process to eliminate unnecessary paperwork and repetitious activities. If possible, the Division should more discretely prioritize projects by type, size, etc. to decrease activity not required for a particular undertaking;
- Inspectors should be rotated more routinely and inspection activity tracked to insure competency and completion of assigned duties. Competency requirements should be reviewed and a personnel evaluation system instituted, not only for step increases or position advancement. Within the restrictions of the civil service system, violations of employee standards or job requirements should be prosecuted aggressively;
- The Department should review entry level salary scales to attract younger, more dedicated employees; and
- The Mayor's request that funding levels be increased for the Abandoned Building unit should be approved. In addition, the Committee recommends that all building and housing inspectors receive training in the identification and reporting of potentially abandoned properties.

Housing Inspection Division: Recommendations

In addition to the general recommendations indicated above, the Committee makes the following specific recommendations for the Housing Inspection Division:

- The Division personnel structure should be reorganized to eliminate all Principal and Senior Inspector positions. These 16 positions should be replaced by one Chief Inspector (with appropriate clerical support) responsible for supervising the receipt, entry and prioritization of complaints and assignment of complaint investigation, and two or three Chief Inspectors responsible for supervision, field inspection and training of the housing inspectors;
- The number of actual lower grade housing inspectors should be increased, with appropriate salary grade adjustment to attract more competent, dedicated employees, and with incentive increases to encourage inspection activity outside of actual complaints;
- The City should institute a centralized complaint monitoring system to ensure prompt complaint response; and
- The Division should undertake a public information campaign to familiarize the public with the Division's responsibilities and encourage public interaction. Consideration should be given to instituting a Neighborhood Cooperation program, similar to one instituted in Baltimore, to increase the public awareness of and involvement in the Division's responsibilities and supplement Division resources to identify violations.

Other Divisions or Units: Recommendations

Weights and Measures. The City should integrate this Division's budget process with ISD as a whole and revise and increase Division fees to cover its costs, including critical capital equipment purchases.

Health. Salary levels for health inspectors should be brought up to equivalent levels for building and housing inspectors to eliminate the disparity among jobs involving essentially the same activity. While modest in financial impact, this improvement would have significant morale benefits.

Enforcement/Legal. This unit is currently understaffed, resulting in prosecution delays. At least one or two legal assistant positions should be added. The enforcement unit should be integrated into the data entry system to allow the unit to monitor workload more closely. While this unit has made significant improvements in processing emergency complaints, staff should more routinely prioritize complaints to identify repeated serious offenses and repeat offenders at an earlier stage. The unit should also expand its use of civil process for enforcement to mitigate the built-in procedural delays and judicial reluctance inherent in criminal prosecution.

Board of Appeals. The high percentage of appeal approvals suggests that the City's Zoning Code no longer accurately reflects the City's standards, at least as represented by the Board members. The Committee suggests that the Mayor and the BRA consider a thorough review of the Zoning Code. In addition, the Committee believes that increasing clerical staff might serve to decrease the lag time between the filing of an appeal and the hearing.

XI. JOBS AND COMMUNITY SERVICES

JOBS AND COMMUNITY SERVICES

Employees: 41

Appropriation
(including
Federal Funds): FY86 \$18,100,000

Mission: The training and placement of the economically disadvantaged and those who are underemployed and unemployed.

OVERVIEW

The Office of Jobs and Community Services was created in November of 1985 to replace the Neighborhood Development and Employment Agency (NDEA). Mayor Flynn took this action to solidify job development and community services for Boston's economically disadvantaged, underemployed and unemployed. Other Neighborhood Development and Employment Agency responsibilities were consolidated under the Director of Public Facilities.

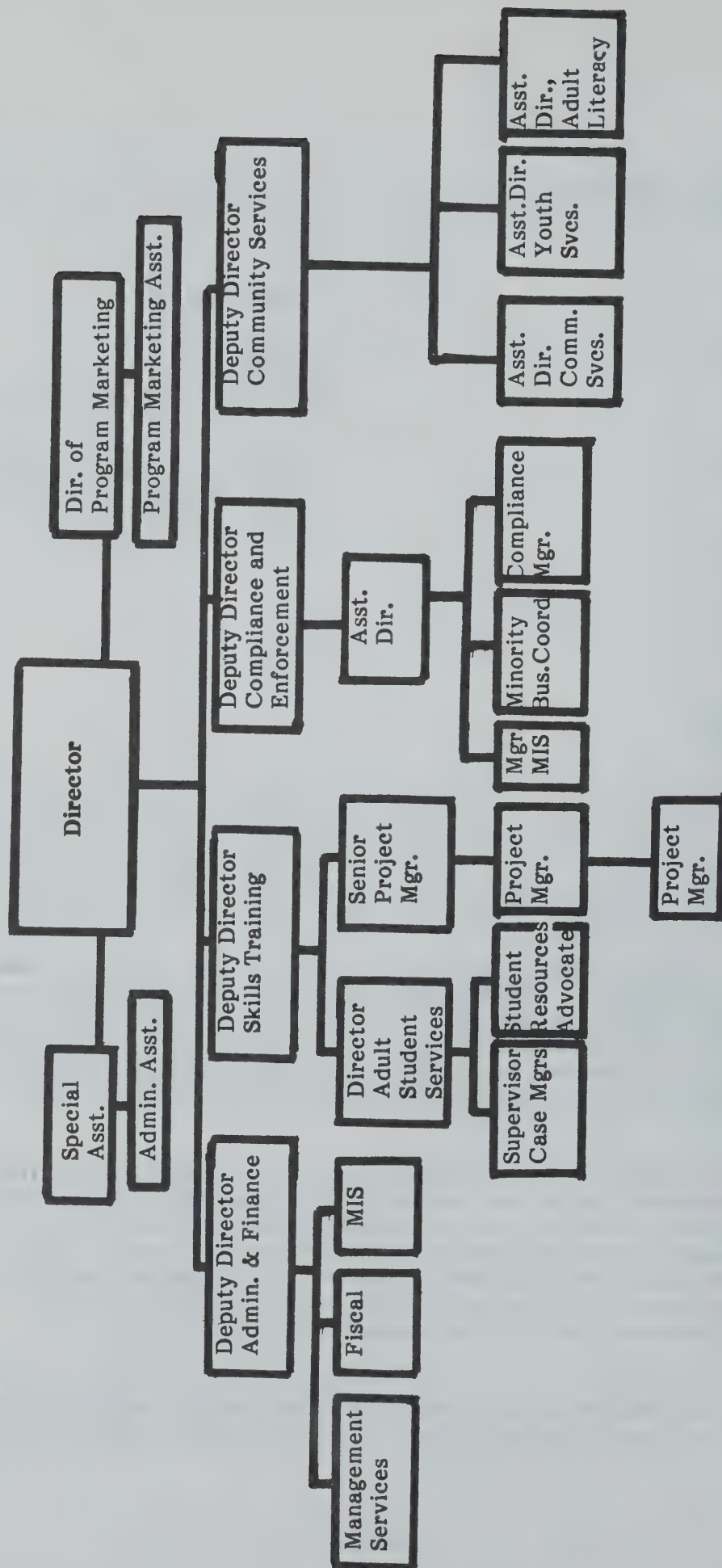
In 1986 the Office has a budget of \$18.1 million. Over two thirds of this budget is comprised of federal funds which face severe cutbacks in the federal Fiscal Year 1987 (FY87) budget. The Job Training and Partnership Assistance Act (JTPA) was enacted in 1982 to take the place of the Comprehensive Employment and Training Act (CETA) and is administered in part by the Office of Jobs and Community Services, providing a large portion of the \$18.1 million FY86 budget.

Boston will face an ever increasing problem in funding through this revenue source because of the criteria used in the JTPA allocation formula. This formula for allocation is based on evenly weighted variables including the unemployment rate in Boston, the excess unemployment rate, and the number of people below the poverty line. Boston, because of its healthy economy and low unemployment rate, receives less of a per capita allocation through JTPA than other areas of the state and country with higher levels of unemployment.

The new agency, which experienced an FY86 staff reduction from fifty-nine to forty-one, employs case workers, policy analysts and clerical personnel. The staff cutbacks in the new agency are in the process of being implemented.

EXHIBIT I

OFFICE OF JOBS AND COMMUNITY SERVICES(1)



(1) As of February 1, 1986.

CRITICAL PERFORMANCE MEASURES

Presently, the primary goals and performance measures of the Office of Jobs and Community Services in the area of job development are:

- Increase the number of jobs for Boston residents through the Boston Residents Jobs Policy Ordinance;
- Work with the private sector to identify employment opportunities and provide training to enable Boston residents to be placed in newly created jobs in Boston, including such areas as computers, data processing and health care;
- Provide literacy programs for more Boston residents; and
- Provide more youth employment and school-to-work programs.

ASSESSMENT OF PERFORMANCE

Increase Jobs for Boston Residents Through the Boston Resident Jobs Policy Ordinance

The Office is committed to following through on the City of Boston Residents Jobs Policy. This City ordinance was passed in 1983 by the Boston City Council and mandates a goal of 50% participation for Boston residents on all publicly assisted construction projects in the City. Additionally, 25% must be minorities and 10% must be women. Subsequent discussions with community representatives established a "best effort" standard as to the test of compliance in pursuit of the mandated goals. As Exhibit 2 shows, the most recent FY86 data indicates that the goal for Boston residents in publicly assisted projects has nearly been reached. Employment levels for minority workers exceed the mandated goals but employment of female workers is at less than half the level sought by the ordinance.

On July 12, 1985 the City issued an Executive Order extending the Boston Residents Jobs Policy Ordinance to privately financed development. Mayor Flynn encouraged and extended this Ordinance to include privately financed construction projects so neighborhood residents can benefit from the downtown development boom. Early monitoring shows that meeting employment goals in all categories will demand a vigorous program to involve Boston residents in the construction trades and a small monitoring and enforcement program.

The Office views the Mayor's Ordinance as one of its most important priorities. Working with the Director of the Boston Redevelopment Authority, The OJCS is trying to establish incentives to encourage developers in the City of Boston to employ Boston residents on their projects. Employment inroads have already been made at private development sites such as the former Charlestown Navy Yard commercial redevelopment project.

EXHIBIT 2

	<u>Total Projects</u>	<u>Percent Residents</u>	<u>Percent Minorities</u>	<u>Percent Females</u>
Mandated Goals -		50%	25%	10%
<u>Public Sector Projects - Performance</u>				
FY83	136	28%	21%	3%
FY84	168	36%	25%	3%
FY85	212	41%	31%	4%
FY86*	19	45%	34%	4%
<u>Private Sector Projects - Performance</u>				
FY86*	16	29%	13%	3%

*(2nd Quarter)

Work With the Private Sector to Identify Employment Opportunities and Provide Training to Enable Boston Residents to be Placed in Newly Created Jobs in Boston, Including Such Areas as Computers, Data Processing, and Health Care

The custom tailoring of training programs to existing job vacancies has the benefit of higher placement rates and higher starting wage levels, but requires close cooperation between the public and private sectors to succeed. The OJCS and the Private Industry Council (PIC) work together to match training to placement through the Business Roundtable. Created originally under the Comprehensive Employment and Training Act, the Council has expanded its role, notably in fund raising, linking training to private sector placement and work in the public schools. The PIC Board of Directors includes chief executives of thirteen major Boston-based corporations, administrators from local schools, labor officials, state government officials, and the Director of the Office of Jobs and Community Services.

The Roundtable is a group of personnel officers from major local businesses who meet weekly with officials from the OJCS and the PIC. The Roundtable assists the OJCS in predicting future employment needs, allowing it to develop training programs for specific skill categories in advance. Working with the

Roundtable, the OJCS and the PIC have developed training programs for skills, including word processing, construction trades, and health care services.

The OJCS/PIC sponsored training programs have enjoyed a moderate increase in the average starting wage rate for their graduates placed in jobs.

Average Wage Rate for Placements (Adults):

<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>Goal for Current Program Year</u>
\$5.42	\$5.54	\$5.73	\$5.75

These wage figures compare favorably to the state-wide average, which for FY85 was \$5.36.

For these wage rates to continue to rise, the OJCS and the PIC must continue to expand public/private sector coordination. The BostonWorks program, described later in this chapter, seeks to raise enough funding to significantly expand existing skills training programs and create a new advanced skills training program. Matching of these new training programs with job vacancies will continue through the Business Roundtable format.

Promote Literacy Programs for Boston Residents

The OJCS will continue to administer many of the literacy programs that were begun under the Neighborhood Development and Employment Agency. Literacy programs administered through the OJCS and the Boston Private Industry Council are model programs for the nation.

In FY85 Boston literacy programs serviced approximately 1,245 individuals in 17 programs throughout the City. In FY86 the OJCS will service approximately 1,065 people, a decrease which will be caused by federal budget cuts. It will continue to be difficult to service all of those who are in need of literacy training as federal funding becomes increasingly scarce. New literacy programs being developed through BostonWorks will attempt to offset part of this decline.

Provide Youth Employment and School-to-Work Programs

The OJCS and the PIC are also working closely to provide the youth of the City with employment skills. This transition for young people from a school environment to a work environment is accomplished through private sector and foundation contributions. The PIC, working with the cooperation of the OJCS, established the Job Collaborative in fourteen (14) high schools to provide career specialists for counselling, part-time work experience, summer jobs and job development services.

Boston schools in permanent jobs. As of June 1985, 79% of these students were still employed. The OJCS is working to provide job skills for more of these permanent placements by working with the private sector to encourage more

companies to provide part-time and summer employment for skills training for the youth of Boston. In 1985, 536 companies provided summer jobs to 2,211 students.

BostonWorks

Initiated by Mayor Flynn, the BostonWorks program is a new venture designed to better utilize private sector resources in job development. A partnership created in November, 1985 between the City of Boston and its business community, BostonWorks will expand job training and literacy efforts to more Boston residents through more private sector involvement. The first year plan is to raise \$2 million equally between public and private sources to reach these goals. Building on the type of public/private partnerships established in the City schools Boston Compact, BostonWorks seeks to draw on private sector participation both in hiring and funding. The program is jointly managed by PIC and OJCS. BostonWorks has set a first year goal of increasing job training participation by 1,150 people:

400 new participants in literacy programs ;
375 new participants in federally funded vocational training; and
375 new participants in advanced skills training.

COMPARISON WITH PROGRAMS IN OTHER CITIES

The Committee compared Boston's job training and development network with those of eight other major U.S. cities: Atlanta, Chicago, Denver, Detroit, New York, Philadelphia, Pittsburgh, and Seattle.

The Committee looked primarily at:

- Whether or not the city has a residents jobs ordinance and, if so, how it compares to the Boston Residents Jobs Ordinance;
- How the private sector is involved with job training and development, especially as compared to BostonWorks; and
- How performance measures are defined, and how different cities compare on similar measures.

The Committee found:

- Most of the cities have some form of resident jobs ordinance similar to the Boston Residents Jobs Ordinance;
- In Atlanta, Philadelphia and Seattle the Private Industry Councils run the job training and employment. There are no city agencies for this purpose;
- Little private sector involvement exists in most cities, but all acknowledge the need to move in that direction for funding;

- Performance measures are generally thought of in terms of state standards; and
- Joint planning with State employment agencies is rare and duplication of services is common.

Overall, Boston runs similar programs to the other cities and is leading the way in some areas. Boston has developed a great deal of private sector involvement compared to the other cities, especially through the BostonWorks program. Boston attempts to serve the "working poor" with retraining and advanced training, whereas other cities reach out only to the economically disadvantaged population eligible for federal support. The city/state cooperation and joint planning found in Boston are absent in most of the cities surveyed.

Resident Jobs Ordinances

Chicago, Denver, Pittsburgh, and Detroit all have some form of a resident jobs ordinance, mandating the hiring of a minimum number of city residents for publicly funded construction projects. In Denver, funds are awarded for business expansion, based on the number of new jobs created. Compliance is accomplished in good faith through a letter of agreement. New York has a similar agreement with its Office of Economic Development concerning firms wishing to expand or relocate in the city. However, New York does not have an official Resident Jobs Ordinance.

Pittsburgh's ordinance is similar to Boston's with a goal of 50% compliance. However, Pittsburgh also has an agreement with the Urban Redevelopment Authority to include compliance in the developer's contract. In addition, the Authority sends names of all applicants for Small Business Loans to the city employment office, which follows up by developing on-the-job training in these new businesses. Chicago is just beginning its resident jobs program this year.

Absence of City-Run Employment Agencies

Atlanta, Philadelphia and Seattle have no city agencies for job training and development. These activities are administered by the PICs in these cities. Seattle takes on the role of a vendor, to which the PIC contracts for services. Atlanta provides administrative services and Philadelphia plays a role in planning and coordinating of training programs. Each of these cities has representation on their PIC boards. However, the PIC retains ultimate policy-making and fiscal authority.

Private Sector Involvement

Little private sector involvement exists in most cities outside of the Private Industry Councils mandated by the JTPA. The program's monies are administered by the Office of Jobs and Community Services with input from the Private Industry Council. This money is used for employment skill training and job development. Some PIC's are more active than others, Boston being one of the strongest.

Denver is just beginning an effort to involve the private sector. Denver would like to abandon the system of contracting out training programs to vendors, and begin awarding scholarships to individuals who could choose from existing training programs. The city believes this is the most feasible alternative in light of decreasing funds and the consequent inability to run quality programs.

Pittsburgh runs a consortium in which it targets specific populations which will appeal to the private sector and asks businesses to provide matching funds for programs.

Comparative Performance Measures

Nearly all cities surveyed explained their performance measures in terms of State standards. Only Chicago and Atlanta mentioned setting agency standards above those set by the State, a policy which Boston follows as well. These three cities far exceed the standards set by their state governments. The most common performance measures include numbers of people served per year, placement rate, and cost per placement. Every city measures these differently. Number of people served per year may include adults only, youth only, or both. It may include numbers of people enrolled, numbers of people placed, or numbers of people who made contact. Placement rate generally means the percentage of people actually placed in a job, although it may or may not include direct placement, on-the-job training, or placement through a training program. Similarly, the cost per placement depends on these same variables. Exhibit 3 indicates the level of performance on these three measures as each city defines them, for the most recently completed program year.

Relationship with State

Most cities reported tense relationships with the state. They see the state only as a monitoring unit, and collaborate only on a centralized MIS system. Atlanta differs in that it has an informal agreement to divide responsibilities of training and direct placement, with the PIC offering direct placement. Boston is currently developing a similar but more formal system where the City and the State Division of Employment Security (DES) will develop annual plans jointly, to be submitted to the PIC for approval. DES is the state agency responsible for job training, placement, and administration of unemployment insurance.

Summary

The agencies surveyed range in size from 18 employees in Denver to 400 employees in New York. In only two cities (Chicago and Detroit) do agency directors report directly to the Mayor. New York, Atlanta, Denver, Pittsburgh, Seattle, and Philadelphia agency directors report to another agency director who reports directly to the Mayor. Testing and assessment is done by vendors except in Pittsburgh where there is a centralized testing unit. All cities rely on JTPA, some receiving additional monies through Community Development Block Grants, special state or federal grants for refugees (Denver) or single parent mothers (Pittsburgh) and private sector donations.

EXHIBIT 3

COMPARATIVE PERFORMANCE JOB TRAINING AND PLACEMENT STATISTICS

	<u># of People Served</u>	<u>Placement Rate</u>	<u>Cost per Placement</u>
Boston	4,500 (Plus 1,400 literacy enrollment)	56%	\$ 3,100
Atlanta	2,700	60%	3,300
Chicago	30,000	65%	3,400
Denver	4,000	66%	2,300
Detroit*	-	-	-
New York	96,000	73%	2,068
Philadelphia	-	62%	6,000
Seattle*	-	-	-

*Information not available

Source: Compiled by the Mayor's Management Review Committee.

When asked about goals, all cities agreed that efforts to involve the private sector are crucial in this era of decreasing funds. Additionally, many are looking to link up with other city agencies such as the redevelopment and revenue authorities which can ensure jobs for city residents. Comparatively, Boston seems to be taking the most active initiative in diversifying along these avenues to create a system that can withstand the pressures of inadequate funding and serve not only the severely economically disadvantaged but the growing number of working poor.

XII. MANAGEMENT INFORMATION SYSTEMS

MANAGEMENT INFORMATION SYSTEMS

Employees: 74

Appropriations:	FY84	\$	3.9 million
	FY85		3.9 million
	FY86		6.8 million

Mission: To coordinate the electronic data processing operations of the City and make more efficient use of the City's computing power.

OVERVIEW

Introduction

Computers are an essential part of the City government. They affect everyone who lives in or visits the City of Boston. For example, the Police and Fire Departments use their computers to track crime incidents and fires, and to respond to emergencies.

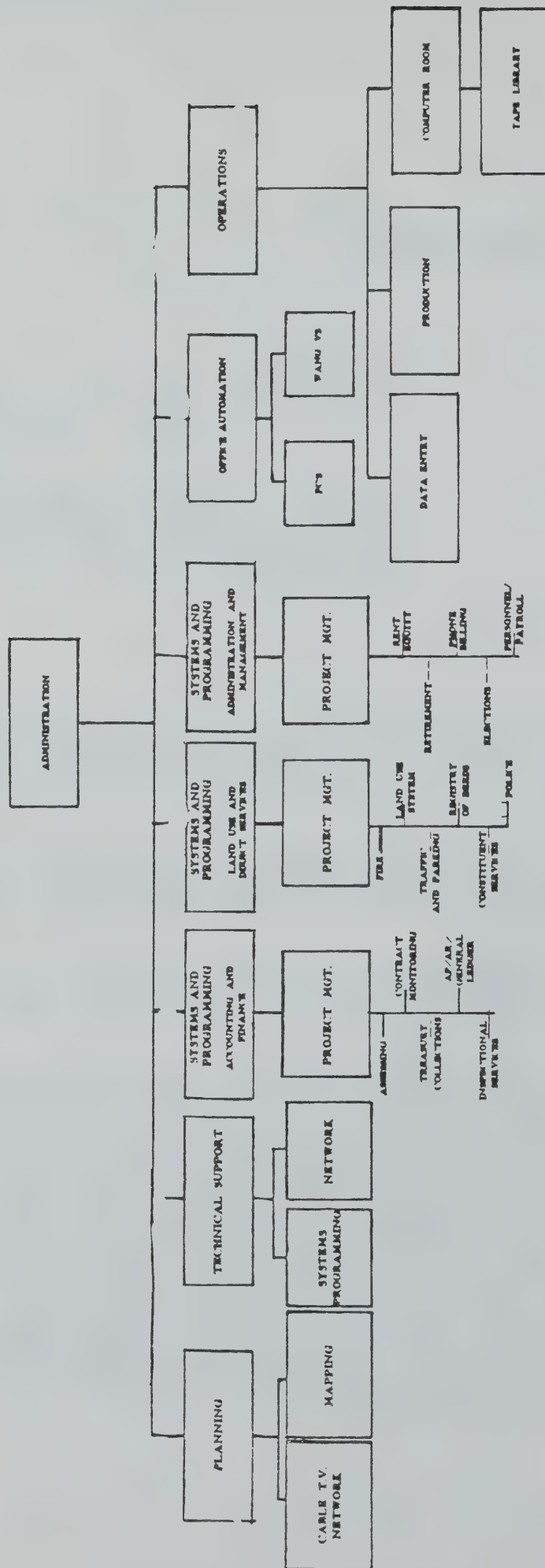
All citizens benefit from the City's computers. They contain volumes of information about building inspections, constituent complaints, assessing information and school records. Birth and Death certificates will soon be computerized as well.

City employees benefit from computerized payroll and retirement information, word processing equipment, and computerized security for buildings.

The Management Information Systems (MIS) concept represents an evolution in the data processing industry. In the early years computer users would send information (input) to the data processing center where it would be entered into the machine, processed, and the results (output) returned to the originating department. Under the MIS concept, managers are given the ability to manipulate the information they work on directly at their desks. This change to allow direct user access was initially accomplished through the development of high capacity time sharing mainframe computers that could simultaneously process the information requests from hundreds of networked terminals. Today the trend continues with the proliferation of personal computers (micros), each with its own microprocessor, giving workers the ability to process information and data at their desks without the necessity of being connected to a larger system. The job of MIS is to devise the most effective use of these resources in order to maximize organizational productivity.

EXHIBIT 1

MANAGEMENT INFORMATION SYSTEMS



MIS Department

Management Information Systems (MIS) is a Division of the City of Boston Administrative Services Department. It was established in 1981 by a Mayoral Executive Order to coordinate the various electronic data processing (EDP) operations of the City.

The order served to outline and define the goal of consolidating the City's diffuse computer operations by centralizing control to save on redundant overhead costs and to make more efficient use of the City's computing power. In its charter, MIS was given responsibility over all computer hardware (the machines), software (the programs used on them), and consultant services required for the City's computer operations.

The establishment of MIS also served to place responsibility for the burgeoning number of automated word processing (WP) systems in an agency with the expertise to deal with the different WP vendors.

Finally, its charter made explicit the goal of creating a central repository for all of the City's financial information so that bills and payments can be processed faster and with greater controls exercised on all City expenditures. Exhibit 2 shows the increasing number of City departments using mainframe, word processing and personal computer systems during the period Fiscal Year 1978 (FY78) to FY86.

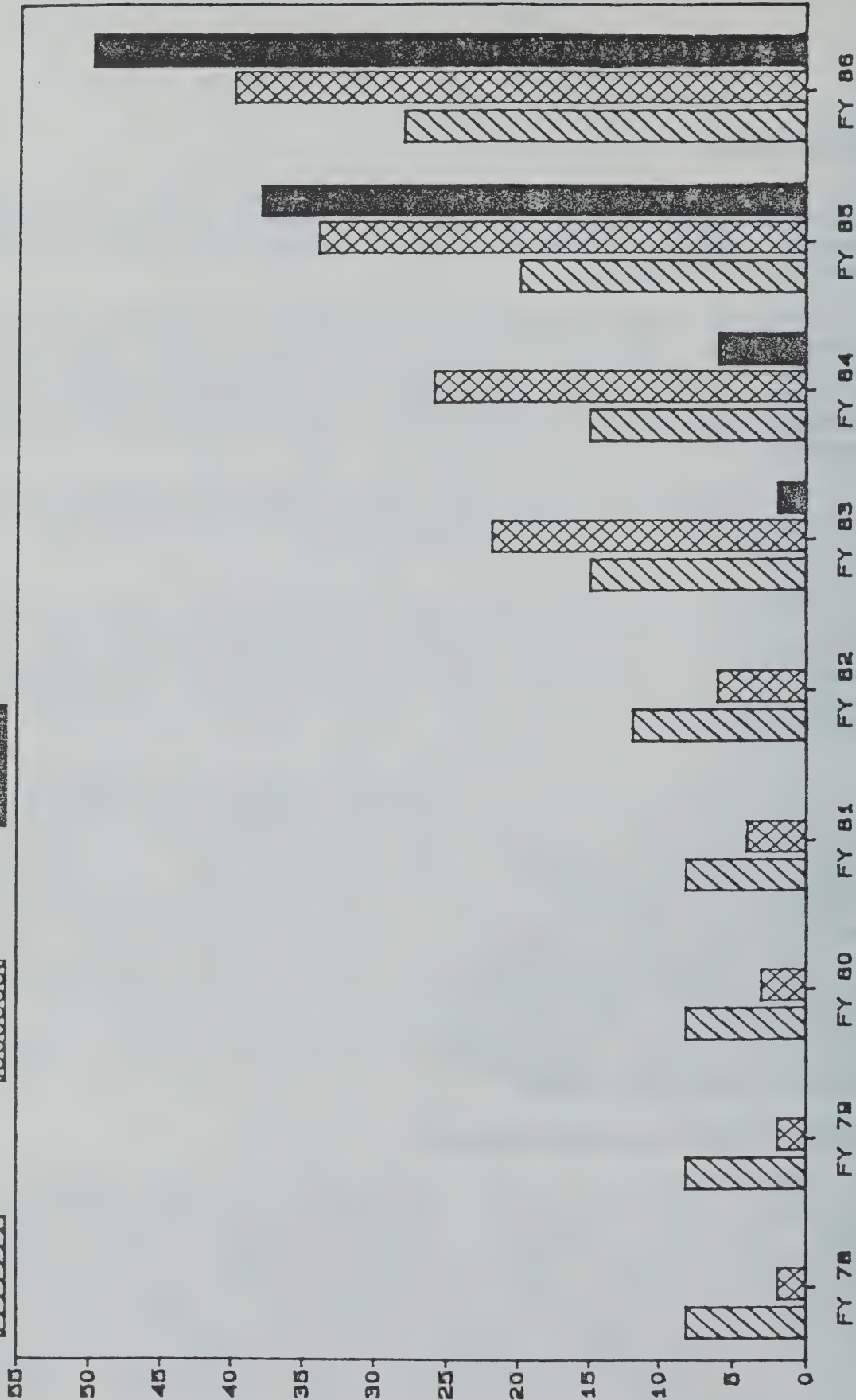
The City uses three families of computers in its overall data processing and information management functions. Digital Equipment Corporation (DEC) VAX's and PDP 11/70's are employed by the BRA, Collector-Treasurer, Assessing Department, NDEA and the MIS Coordinated Mapping Project. IBM mainframe equipment forms the backbone of data processing operations and WANG Laboratories is the primary source for word processing/office automation equipment. The small computers (PC's) purchased from Wang and IBM provide the City with access to computer power where departments can utilize word processing, graphics packages, database packages and spreadsheet programs without having to train or hire programmers and systems analysts. MIS maintains on-staff individuals familiar with all of these computer systems for support in applications management (custom tailoring programs to specific needs) and systems development.

CRITICAL PERFORMANCE MEASURES

EDP functions are evaluated on their ability to use automation to implement strategic organizational goals and effectively service their user's needs. Performance is measured in terms of two distinct functions - systems development and computer operations. Systems development performs analysis, development, installation and maintenance of systems for user departments. Computer operations provides hardware services and is charged with running existing production systems, monitoring hardware/software performance and usage, and providing for the continued delivery of EDP services through environmental management and contingency planning (including backup of critical datafiles).

COMPUTER AND WORD PROCESSING GROWTH

MAINFRAME/DP WORD PROCESSING MICRO-COMPUTERS



FISCAL YEAR

* USER DEPARTMENTS

ASSESSMENT OF PERFORMANCE

Summary

Overall, the MIS Department has done an effective job of delivering Electronic Data Processing services to the City of Boston. It has achieved its most important priorities. The Department has been able to start the process of consolidation of MIS resources, implement an effective and controlled introduction of Office Automation and personal computing, respond to users needs for enhancements/new systems, and maintain existing systems. Also, hardware upgrades such as installing the new IBM 3380 Disk drives and installing new air conditioning units have improved central data center mainframe computer performance.

Applications

Presently, there is no formal annual plan for MIS, which details projects requested, those funded and those not funded. A plan is one of the yardsticks used to measure the performance of an MIS function. Additionally, there are no official measurements used to evaluate the level of mainframe computer services, such as system uptime or problem reporting, provided to the existing user base. Finally, no formal standards for systems development and project management exist.

Recent MIS management activities have brought the Department a long way in a short period of time. MIS has established policies for acquisition of hardware, software, outside services, and consultant services as well as a policy for the consolidation of all MIS related resources. Consolidation of MIS resources for budgeting and planning purposes should enable the City to maximize its investment in EDP hardware and software. The Director of MIS approves all MIS related expenditures, including hardware, software and consulting services. The recent development of a strong union between MIS, the City Auditor, purchasing and budgeting functions has established a strong and effective control over all city MIS expenditures.

The office automation and systems analysis functions are the most visible MIS achievements. MIS has implemented a controlled process for introducing and integrating office automation and personal computing throughout the City's operating departments.

MIS has installed a Wang VS-100 minicomputer in order to consolidate word processing service and support to city departments. This VS-100, and the one soon to be acquired, will replace numerous smaller OIS (Office Information Systems) and Wangwriter machines. The VS-100 offers data processing. In addition, the VS-100 will bring electronic mail (Wang Office) to City Hall as departments will be able to transmit documents and messages to each other through their word processing terminals.

Utilizing personal computers, MIS has responded to numerous user requests for system support with the speed and results that would not be possible using mainframe methods and resources. However, there are potential pitfalls to

implementing microcomputer solutions. In some instances, the personal computer may provide only a short term solution, and may be solving only a small piece of a larger problem or need. MIS staff appear to be aware of these issues, but may lean toward the micro because of the lack of a formal planning process for the City's automation needs.

Numerous new application opportunities exist to address expanding automation throughout the City's business and service activities. Through expanded use of microcomputers, office automation, and the current mainframe computer the City is well positioned to evaluate and select the most appropriate processing tool to meet a new application area. Microcomputers, as the fastest growing segment of the computing family, must be carefully examined as both a preliminary and ongoing processing alternative with particular emphasis given to evaluating application activity and growth as criteria for selecting any specific automation strategy. Two of the most exciting areas for future automation productivity include expanded use of the Boston Coordinated Mapping Committee's (BCMC) INTEGRAPH Mapping System and the anticipated implementation of the recently selected City-wide integrated financial management system from American Management Systems.

The present Systems and Programming staff, which is responsible for mainframe systems, spends about half its time performing routine maintenance on existing systems and the other half implementing enhancements to existing systems or developing and installing new systems for user departments. The present mode of operation could be characterized by the axiom "the squeaky wheel gets the grease." This is not uncommon in MIS functions and can in some instances satisfy users' needs. What this approach lacks is the big picture perspective (i.e. what are the City's strategic goals for delivering services and how can MIS help in achieving those goals?). To date, the Director of MIS has played a leading role in determining and gauging the City's priorities in the area of automation. The goal of the Department is to satisfy the majority of the City's automation needs internally, thereby transforming the existing maintenance shop into a development oriented department. A more formal planning process would aid in achieving this objective.

Performance in the area of systems development is usually measured in terms of ability to meet budgets, plans, and schedules. Analysis of time spent and cost should be used to evaluate performance and plan future projects. MIS management has recognized the need to keep track of time spent on individual projects and is in the process of instituting a project control and time accounting system for the Systems and Programming staffs. This should enable management to more effectively measure their performance in developing and maintaining systems.

Productivity tools are normally employed to aid in developing mainframe systems. These software products are used to accomplish development activities such as design and programming in shorter periods of time. The City presently has one such tool called Accolade, marketed by Multiplications Software Inc. of Cambridge. This product provides for system prototyping and CICS online screen development and has an online query language and report writer called Imagine. The product is presently not being used. Management has determined that it will

not meet MIS needs and is searching for a fourth generation relational database product. Systems development productivity tools of this type, although not a panacea, can improve productivity of an EDP staff. If MIS management does not find a suitable relational database product that will meet its system architecture requirements and improve MIS's ability to design and implement systems in a shorter time frame, it should consider using Accolade or a similar product designed for the existing environment.

Technical

Many recent improvements have been implemented in the Computer Operations area. Proposed work flow improvements will streamline scheduling and production control and provide better control over job submission and execution. Also, upgrading to new IBM 3380 disk drives, use of the IBM 3800 laser printer and the plans to change microfiche systems are examples of the way MIS is improving the mainframe processing environment, both in capacity and in quality of service.

Presently, MIS does not evaluate its computer operations function by any traditional measurements. Online system response time and uptime, although monitored and observed by MIS staff and users to be acceptable, are not recorded and used for performance measurement. Technical support, which is usually charged with system performance monitoring, is presently understaffed (1 full time and 1 contract person) and spends all its time "fire fighting". This problem has also prevented technical support from installing Top Secret, a data security product. Additionally, this function is responsible for migrating programs from a testing to a production environment, a time consuming task. Other areas for measurement could include tracking production system problems and the ability to meet processing schedules and deadlines. User complaints logged by a help desk could also be used as a measurement tool. The heavily understaffed existing environment provides little time for the development of these performance measurement criteria.

Organizational Management

With the City-wide MIS emerging to become a major organization with multiple vendors and technologies to manage, tens to hundreds of computing resources to administer, covering a wide range of disciplines, professional management skills will be needed to productively manage all these areas. Today's MIS managers have demonstrated many of the critical technical and interpersonal skills required to meet the challenges of MIS's expanded mission. Yet, in order for this group of technically experienced individuals to meet the full range of business and managerial issues emerging from the City's growth in automation, expanded management and leadership skills must be developed. Correspondingly, with the larger population and variety of skills available among the MIS staff members, a need exists to organize this area with thoughtful career progression plans, performance evaluation policies and skills enhancement programs. With the City heavily committed to employing advanced technologies to meet its service opportunities, the productive management and support of MIS human resources must be a high priority to protect the investment in competitively sought after, experienced systems personnel.

RECOMMENDATIONS

Developing recommendations for improved City-wide MIS is an extension of the impressive accomplishments and achievements set in place by the Department's current management team.

Applications

- Establish a formal annual plan for MIS;
- Evaluate the selection and implementation of an advanced fourth generation language and associated database management system; and
- Consider utilizing the BCMC Mapping System to integrate City agency service information needs.

The MIS Director needs to establish a formal, pro-active planning function chartered with the responsibility for working with all of the City departments employing or anticipating the use of automated technologies. This planning function will act as an extension of the Director's office to enhance the planning currently being done among the office automation and various systems support groups. The planners must balance the need to stabilize and enhance current systems and maintenance activities while identifying development priorities that address and serve the evolving business needs of the City.

MIS is evaluating the selection and implementation of an advanced fourth generation language and an associated database management system product (4GL/DBMS). To meet the City's growing demand for computing a 4GL/DBMS product, with their highly advertised productivity claims, it is essential to optimize the coordination of user and technical personnel through aggressive timetables for developing and implementing new automated systems. The impact of purchasing a 4GL/DBMS on both user and technical staffs, across all families of processing equipment, micro to mainframe computers, including the technical resource and personnel commitments, must be carefully weighed against improving the optimal use of available tools and technologies to which the City currently has access.

The BCMC Mapping System offers opportunities to integrate numerous service groups and provide combined Police, Fire, Assessing, Planning, Cable TV and BRA information. Productively combining this information at street and block levels could be used to ensure maximum City services are planned and employed while a specific geographic area is closed off.

The new financial accounting management information system opens numerous opportunities to access critical financial information in a productive fashion. The extensive distribution of microcomputers, office automation capabilities and data communications networks throughout all City departments should provide extensive and valuable service and managerial challenges to all MIS users.

Technical

- Expand on-line storage capacity and availability and enhance data communications planning; and
- Implement effective data security to protect information and prevent unauthorized access to or alteration of data.

The City has made an extensive investment in technological tools to address, manage and productively serve their constituency. While several meaningful improvements have been achieved recently, continuing this trend is critical. Areas for continued effort include: expanding the online storage capacity and availability by replacing originally supplied disk storage devices with improved, faster, larger, more easily maintained models; pursuing more cost effective information output media alternatives such as new microfiche/micro-film systems and enhanced, more flexible printing resources; and expanded data communications planning and implementation to make productive use of the widely available City-wide microcomputer population.

To take maximum advantage of the City's technological investment, continued heavy emphasis must be extended to adequately staff the Technical Support area. While efforts have been underway in this area for some time, resolution of this high priority situation is essential to address the City's future technical challenges. Some of these challenges include: Data Base Administration management and education if and when a 4GL/DBMS strategy is selected; enhancing data communications planning and support beyond the already extensive capabilities currently in place to meet the Police and Fire Departments' critical needs; and expanding to serve all other City departments as their networking requirements develop.

Essential to expanding City-wide data processing services through computer-to-computer telecommunications and information sharing is the need to address and implement effective data security to protect the City's investment in accurate information and prevent unauthorized access to and alteration of data. The City has a product available to perform many of these valuable functions but its implementation has been stalled by staffing and technical issues.

Organizational Management

- Adopt a Systems Development Methodology for standardizing problem solving approaches; and
- Institute project time accounting and reporting procedures.

As the MIS services shift from an historically larger emphasis in maintaining and improving old systems, to replacing them with new developmental programs, two key productivity areas need to be addressed. These are employing a comprehensive and flexible set of standard guidelines as a methodology for developing new computer systems and utilizing project accounting and time reporting disciplines to track project activity and

accomplishments. The Department should adopt what is commonly called a Systems Development Methodology (SDM). Previously, MIS Managers or Programmer/Analysts would follow their own individually stylized problem solving practices. A Department-wide SDM product will provide standard problem solving approaches and development guidelines covering all types of application systems design and programming activities. A comprehensive SDM is essential to productively address the diverse business functions and wide ranging systems and user personnel skills in conjunction with the numerous available technological environments ranging from microcomputer based solutions using software packages to custom designed mainframe, data base and data communications applications. Careful consideration must also be given to marrying older applications with the available new technologies to maintain production availability and ensure information integrity.

Project time accounting and reporting is essentially a tracking system to monitor the quantitative and qualitative status of any individual project against its plan and how any one project fits into a more global systems development and automation support plan for an individual department while contributing to improved City-wide processing productivity. Project time accounting and reporting accumulates the basic work units of an MIS group and summarizes progress against plans established at varying levels of the organization to demonstrate one of MIS's major contributions to improving the City's business practices: modern up-to-date systems.

XIII. PARKS AND RECREATION

PARKS AND RECREATION

Employees: 228

Appropriations:	FY84	\$7,232,574
	FY85	6,850,375
	FY86	5,767,409

Mission: To ensure that open space and opportunities for recreation are accessible to all Boston residents.

OVERVIEW

The City of Boston Parks and Recreation Department was established pursuant to Chapter 2 of the Ordinances of 1954. The Department is a successor to the Boston Parks Commission first created in 1875. The Department is under the charge and supervision of the Parks and Recreation Commission. The current Parks and Recreation Commission consists of 8 members who are appointed by the Mayor. The Chairman of the Board of the Parks and Recreation Commission is also the Commissioner of the Department.

The Fiscal Year 1986 (FY86) operating budget of the Department is \$5,767,409. In addition to annual appropriations from the City, the Department also receives funds from several additional sources: The Parkman Fund; The Boston Fund For Parks and Recreation; various federal grants; and revenue from the leasing of various properties.

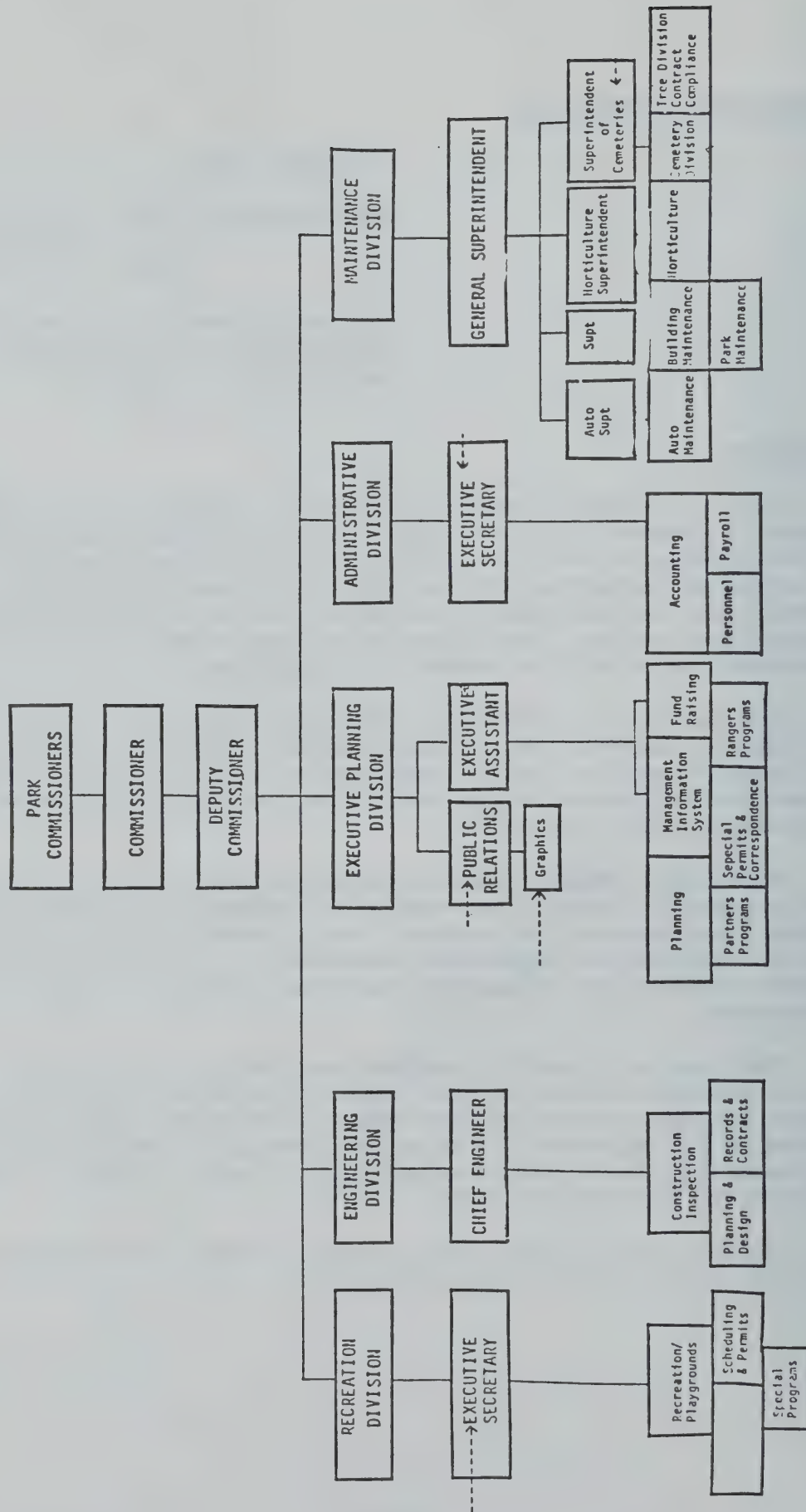
According to personnel records provided by the Department, the Department is presently organized into four major divisions -- Administrative, Engineering, Maintenance and Cemeteries. However, according to the organizational chart provided by the Department (see Exhibit 1), there are five separate divisions -- Recreation, Engineering, Executive Planning, Administration and Maintenance.

The Department currently employs approximately 228 employees: 30 in the Administrative Division, 13 in the Engineering Division, 36 in the Cemeteries Division, and 149 in the Maintenance Division. Although the information initially provided by the Department indicates that there are 149 maintenance employees, research indicates there are currently 126 active, full-time employees working in the Maintenance Division.

The Maintenance Division also employs summer help each year. The amount of summer help varies from year to year.

EXHIBIT 1

BOSTON PARKS & RECREATION DEPARTMENT



A further breakdown of the Department's employees is as follows:

Administrative

Total: 30	Permanent Management	5
	Provisional Management*	12
	Permanent Employees	5
	Provisional Employees	12

* A provisional employee is a full-time worker who is not permanently assigned to the Department.

Engineering

Total: 13	Permanent Management	3
	Permanent Employees	7
	Provisional Employees	3

Cemeteries

Total: 36	Permanent Administrative/ Management	1
	Permanent Administrative Engineer	1
	Permanent Maintenance Management	1
	Permanent Maintenance Employees	27
	Provisional Maintenance Employees	6

Maintenance

Total: 149	Permanent Management	4
	Provisional Management	2
	Permanent Employees	114
	Provisional Employees	29

Exhibit 2 depicts the annual requests for and actual numbers of Departmental employees, excluding Cemetery Division employees, since FY79.

Several people whose salaries are provided by various grants and funds also work in the Department. These Departmental employees are not represented in the figures above or in Exhibit 2. The Mayor's Management Review Committee was unable to determine the exact number and positions of persons paid by grants working in the Department.

The Department is responsible for managing, operating and maintaining 2,500 acres of parkland, playgrounds, public grounds and squares; 2 golf courses;

EXHIBIT 2

DEPARTMENT OF PARKS AND RECREATION
PERSONNEL

	<u>Administration</u>		<u>Engineering</u>		<u>Recreation</u>		<u>Maintenance</u>		<u>Total</u>
	<u>Department Request</u>	<u>Approved</u>	<u>Department Request</u>	<u>Approved</u>	<u>Department Request</u>	<u>Approved</u>	<u>Department Request</u>	<u>Approved</u>	
FY79	14	14	11	11	31	30	339	287	342
FY80	16	16	13	13	28	28	313	277	334
FY81	16	15	13	13	28	28	304	247	303
FY82					NOT AVAILABLE				
FY83	23	22	12	11	20	20	196	162	215
FY84	20	20	12	12	39	39	166	164	235
FY85	24	20	14	11	47	43	229	189	263
FY86	N/A	30	N/A	13	+	+	N/A	149	192

These figures do not include federal grant employees, the Fund for Boston Parks and Recreation employees, Parkman Trust Fund employees and Cemetery employees. Information in these areas was not made available to the Committee.

2 outdoor pools; 2 indoor pools; 3 active cemeteries; 16 historic cemeteries; 24 statues; 7 fountains; 13 bridges; 4 roadways; 39 monuments and memorials; and approximately 125,000 trees.

The sizes of the various parks, playgrounds, play areas and squares vary significantly. The following is a breakdown by type and size.

Parks and Parkways: Major System (Olmstead System)

Total: 10

<u>Acres</u>	<u>Total</u>
over 100	4
50-100	1
25-50	3
0-25	2

Playgrounds and Play Areas: Minor System

Total: 366

<u>Acres</u>	<u>Total</u>
over 100	3
50-100	4
25-50	5
20-25	2
10-20	26
1-10	124
1/2-1	59
less than 1/2	142

Squares

Total: 64

<u>Acres</u>	<u>Total</u>
over 1	6
1/2-1	6
1/4-1/2	4
less than 1/4	48

None of the parks or playgrounds have employees or supervisors permanently assigned to them. In 1983, the Department implemented a Park Ranger Program through which several of the Olmstead Parks are patrolled seven days a week from May through August. The Park Ranger Program is designed to provide security, visitor services, and resource management assistance.

Until recently, the Department was also responsible for operating and managing 10 recreational facilities. However, in July 1985, the responsibility to supervise and operate these facilities was transferred to the Boston Community Schools Program. The Department is still responsible, however, for the upkeep of these recreational facilities. In addition to the responsibility of operating all

facility-based recreational programs, Community Schools received the responsibility of running Camp Joy, a therapeutic recreation program servicing residents with mental, physical and/or emotional disabilities, and the Boston Neighborhood Basketball League. Both of these programs originated in, and until July 1985, were run by, Parks and Recreation. The recreational responsibilities of the Department are now limited to permitting, scheduling and organizing "special events." Among the many special events offered by the Department are the "Wednesday Evening on the Plaza" Summertime Concert Series, Christmas on the Common, the Franklin Park Kite Festival, and the Light a Light Campaign.

A \$31 million, five-year capital plan has recently been implemented to rebuild various City parks and playgrounds, replant street trees and renovate swimming pools and recreational buildings. The plan was developed by the Office of Capital Planning and the Department. The facilities slated for capital improvements during the first year of the plan have already been designated; most of the improvements to be made during the remaining years of the plan have yet to be determined.

CRITICAL PERFORMANCE MEASURES

The Task Force responsible for the 1983 Boston in Transition report found the Parks and Recreation Department to be deficient in most critical performance areas. The results of the Committee's study indicate that, with limited exceptions, the performance of the Department has not consistently improved.

Initially, it was the intention and goal of the Committee to use performance measurement criteria accepted nationally by recreational and park professionals and endorsed by the National Recreation and Park Association as a basis for evaluating the Department. Early in the review process, however, the Committee discovered that in many instances records of relevant information were either non-existent or insufficient to permit the measurement of current performance based on objective standards and to allow comparison of current and past performance of the Department. Providing and emphasizing a Department "report card" at this juncture, therefore, would be counterproductive to the Department, the City and ultimately to the users of the Department's services.

Accordingly, the Committee has limited its observations to several important managerial areas and has provided recommendations for their improvement where appropriate. The implementation of these recommendations will allow the City to establish and measure the critical performance criteria appropriate to the Department on an objective and more systematic basis.

ASSESSMENT OF PERFORMANCE

Administrative Structure

Significant management deficiencies exist within the administrative structure of the Department.

There is an overall lack of communication and coordination among Division managers. Whatever inter-Divisional coordination exists is accomplished on an unstructured, informal basis. The Engineering Division, for example, is allocated monies each year for maintenance and repair contracts of less than \$2,000 each. It appears that certain services contracted for in this category could be performed by current personnel within the Maintenance Division at no additional expense to the Department. The divisions have never formally coordinated their efforts to determine when maintenance personnel can be used or when the contract process should be used. Similarly, there appears to be very little coordination between the Planning Division and the Maintenance Division in areas of shared jurisdiction. Furthermore, the Planning Division handles contracts with the "Park Partners" Program which often involve maintenance of the Department's parks. The Maintenance Division does not participate in this process and is often faced with requests from the vendors for additional supplies, equipment or training so that the vendor can complete its contractual obligations. These situations could be avoided by having the Maintenance Division participate in the original contract process. The current practices do not allow managers to participate in the general operation of the Department, and isolates their concerns to their own Divisions or individual areas of responsibility. This discourages personal initiative and inhibits the development of a spirit of cooperation in the Department.

There is no regular schedule of managerial staff meetings. The few meetings that do occur have no set agendas, and division managers and senior management staff have no prior input as to what should be discussed at the meetings.

A number of senior management staff have no clearly defined organizational responsibilities. They have assumed duties on an ad hoc basis. As a result, the Department's table of organization exists essentially on paper and does not reflect actual lines of communication, information flows and delegation of authority.

The Department has no formal planning capacity for either establishing future goals or allocating present resources. The Planning Division shown in the Department's table of organization does little actual short-term or long-term planning, and concentrates primarily on fundraising and pursuing federal grant opportunities.

The lack of other management skills compounds the Department's lack of organized planning capacity. Maintenance requirements, for example, were not seriously considered during the formulation of the recent capital plan. Although several Departmental administrators acknowledge that without proper maintenance, the capital plan will ultimately fail, no one in the Department has estimated the increased maintenance requirements which will result from the capital plan. Furthermore, the increase in the workload of the Engineering Division was not considered to ensure that the Division could implement the level of bidding, contracting and monitoring effort which will be required in order to achieve the capital plan's first-year goals. Additionally, no capital budget goals have been established for subsequent years within the overall appropriation.

There has been no identification, compilation or retention of information necessary for effective management. The Department has few or no records concerning incidents of vandalism, citizens' complaints, park use, budgetary comparisons, and historical capital expenditure comparisons.

There has been only minimal progress made in identifying appropriate administrative functions which should be automated. For example, the permitting and scheduling process for field use by City leagues could be significantly improved through automation, as could the identification and condition of Department facilities and the inventory of equipment and supplies.

Budget

A review of the Department's appropriation history illustrates not only the impact of Proposition 2 1/2 but also an apparent lack of confidence in the Department's ability to fulfill its mission.

Objectively, available resources to the Department have been reduced significantly in the past eight years (see Exhibit 3) and have fluctuated radically during that time period. The Department has also done poorly competing with other City departments for available resources. According to research published by the Boston Municipal Research Bureau comparing appropriation levels in current and constant dollars between FY78 and FY84, the Department's budget had decreased by 9.6% in current dollars and had decreased by 43.0% in constant dollars. Since FY84, the Department's budget has decreased by another 23.0% in current dollars. This is the largest percentage decrease of any City agency during this time period.

The Committee does not believe, however, that decreased appropriations are the sole source of the Department's problems. The Committee believes that an increase in the Department's budget under present conditions might improve services, but not in proportion to the amount of the budget increase. The Committee believes that the Department is at a crossroads. Further budget cuts will be harmful, but the Department is unlikely to receive increased funding until it has earned the Administration's confidence. The Department must take immediate steps to begin earning that confidence.

Several counterproductive budgetary practices exist. A practice has developed, for example, whereby most funds allocated to the Department are immediately encumbered based on the spending history of prior years. This practice prevents active management of those funds during the appropriation period. Since the funds are treated as being expended from the date of the encumbrance, management has no flexibility to reallocate resources during the fiscal year.

Appropriations are not closely monitored within the Department. There are currently no monthly reports on expenditures or on personnel levels. There is only one person in the Department who has direct on-line budget information, and even this minimal amount of automation provides no management statistics or reports.

EXHIBIT 3

DEPARTMENTAL EXPENDITURES (EXCLUDING CEMETERY DIVISION)

	<u>FY80</u>	<u>FY81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u> <u>Appropriations</u>
Personnel Services	\$6,741,824	\$6,036,829	\$3,311,867	\$3,779,269	\$4,442,027	\$4,096,401	\$ 3,856,509
Energy	954,062	1,240,179	457,131	607,045	630,816	629,551	615,000
Contract Services	783,478	1,055,472	580,096	877,172	1,110,953	1,200,974	1,036,976
Supplies & Materials	317,159	284,933	81,453	201,698	209,786	134,622	113,000
Other Charges/Obligations	398,485	294,241	135,547	148,927	202,697	33,235	115,000
Equipment	77,023	189,023	17,656	489,033	90,423	-	-
Special Appropriations	-	-	-	387,220	367,422	304,303	-
Structures & Improvements	114,730	359,454	18,535	43,215	124,981	-	-
Land Improvements	128,211	88,775	137,986	178,183	302,590	158,547	50,000
Totals	\$9,514,972	\$9,548,906	\$4,740,271	\$6,711,762	\$7,481,695	\$6,557,038	\$ 5,786,485

Budget information generated by the Department and other City sources is conflicting. The Committee received budget information concerning the Department from the Department, the City and the Boston Municipal Research Bureau. None of the figures matched, even for fiscal years for which the City books have long been closed.

Equally disconcerting was the fact that personnel information is not up to date. The Committee found as much as a 20% variance between the number of maintenance laborers Department management said were currently working and what line supervisors told the Committee. This is particularly troublesome because management should anticipate or know immediately of retirements, resignations and extended illnesses so that it can adequately handle the difficulties created by the "No Hire-No Fire" policy to which the Department is subject (discussed below).

Personnel

The level of Department personnel has fluctuated over the past seven fiscal years (see Exhibit 2), particularly in the Maintenance Division. The Department's administrative staff has increased during the same period when maintenance personnel levels have decreased and when all facility-based recreational staff were transferred to Community Schools.

Since FY82, the Department has been subject to a "No Hire-No Fire" policy. As a result, when a position in the Department is vacated due to retirement, death, resignation or other reason, that position is automatically eliminated from the Department. If the Department wishes to retain that position it must submit a supplementary budget request together with justifications as to why that job should be retained.

The average age of the maintenance work force is approximately 58 years. The average absenteeism (which includes absences due to sickness, vacation and other reasons) of Department employees is approximately 19%. Overtime paid to Departmental employees since 1981 is as follows:

<u>Year</u>	<u>Amount Paid</u>
1981	\$ 106,321.00
1982	\$ 54,055.00
1983	\$ 0
1984	\$ 0
1985	\$ 70,303.29
1986	\$ 100,000.00 *

* This amount exceeds the 1986 allowance for overtime. The excess is attributed to Hurricane Gloria.

The Department has created a new Wednesday through Sunday work shift for maintenance workers to attempt to reduce overtime costs. However, this program is utilized only on a limited basis at the Boston Common and involves no more than a half dozen laborers.

As the Maintenance Division's personnel levels have decreased in recent years, the average age of its employees has increased to the unusually high age of 58 years. This has occurred largely due to layoffs made in response to Proposition 2 1/2. Junior personnel had to be released before those more senior, with the present result of an unusually old labor force. What the Department maintained in experience, it lost in productivity. This exacerbates the problem of the decreasing labor force of the Maintenance Division.

The Department currently provides no formal training programs for any of its personnel. Also, no performance reviews are conducted for any of the Department's employees.

Maintenance

The Maintenance Division currently employs approximately 126 full-time employees. During the summer season, additional temporary laborers are hired for short-term appointments. The Department maintains only a few large, open parks, and for the most part is required to maintain numerous scattered small areas. Therefore, the task confronting the Maintenance Division is an inherently difficult one. The difficulty of the task is compounded by the fact that the maintenance work force is relatively old. To make matters worse, the Maintenance Division suffers from several organizational inefficiencies.

First, no overall maintenance schedule, program or plan exists. Therefore, the majority of the parks and playgrounds are maintained in a reactive manner, except for a minimum level of grasscutting. Parks in the public eye, such as Boston Common and the Public Garden, are maintained somewhat regularly, but other facilities are maintained randomly or only in response to complaints received. Furthermore, the Department has no catalogue of parks grouped according to existing physical conditions or to differing levels and types of required maintenance. Therefore, in the absence of complaints, the Department has no formal procedure for determining which areas need what work. As discussed below, because there is no centralized system for processing and handling complaints, work crews are sometimes moved from one job assignment given by a particular Departmental staff person before completing it if another person in the Department receives a different complaint.

Second, there is no real communications system through which a supervisor is able to determine the location of work crews and to communicate with them at any given moment. The Committee was informed that there are currently only four "beepers" used to communicate with the Department's entire maintenance work force. Therefore, time and effort is wasted simply trying to locate workers.

Third, few if any records are kept describing the type of work performed by particular laborers on particular days. Therefore, it is impossible to know with certainty what work has actually been performed, when and by whom. This raises serious budgetary concerns for the Department because it is impossible to prove what it has accomplished with any specificity or accuracy. Furthermore,

this prevents the maintenance work force from being held accountable or rewarded for its work, because in many instances it is impossible for the administration to determine who has done what.

Fourth, no performance criteria, standards or suggested guidelines for man hours per type of work performed exist. Therefore, it is impossible to determine if the amount of time taken by workers in completing various tasks conforms with what should or could have been done by that number of workers for that type of task. This again prevents the maintenance work force from being held accountable or rewarded for its work.

Fifth, no periodic performance reviews are given to the workers. No attempt is made to hold maintenance workers accountable for poor performance or to reward them for exceptional performance.

Sixth, although the Maintenance Division receives additional seasonal help, the Department has no control over whom it hires for this purpose. Little, if any, training is provided to these seasonal employees, and there is often not enough equipment or tools for these employees to work with. In addition, no formalized plan for utilization of seasonal summer help exists. Therefore, the sudden influx of a large number of untrained, unequipped, unplanned-for temporary workers is almost more of a burden than a benefit to the Department.

It must be noted that a private consulting firm has been hired by the Department pursuant to a grant from the National Parks Service to develop a comprehensive maintenance management plan for the Department. The plan is expected to provide the Department with a systematic way of planning, organizing, directing and controlling its maintenance operations. The fact that such a firm was hired indicates recognition by the Department that problems exist and that it needs assistance.

The maintenance management plan being developed by the consultants will presumably address the maintenance problems discussed above. Many of the persons interviewed by the Committee were very hopeful that the consultants would provide real, workable solutions. However, it must be noted that too much optimism may be unwarranted. Many, if not most, of these deficiencies were not unknown before the consultants were hired. No magical solutions exist. Whatever plan is developed by the consultants will be only as effective as the people implementing it. Further, the fact that the Department possesses an aging work force confronted with a difficult task will not disappear.

Recreation

As discussed above, several recreational functions previously performed by the Department have recently been transferred to the Department of Community Schools. This has resulted in some confusion and ambiguity within the Department as to what the recreational mandate of the Department is and what the recreational objectives of the Department should be. Furthermore, although a large part of the Department's recreational responsibilities have been removed, the number of employees designated as administrative recreational staff has remained unchanged. The Recreation Division of the Department maybe top

heavy and consideration should be given to transferring some of the recreational administrative staff to positions within the Department where they can be more effective, particularly when many of these functions are automated.

Although the facility-based recreational programs were removed from the Department's jurisdiction, under the rubric of scheduling and permitting, the Department is still responsible for coordinating the many summer sports leagues and all outdoor special recreational events. There is, however, no centralized (and no computerized) system for issuing permits. The Committee notes that other cities of Boston's size and reputation provide more extensive recreational offerings. However, all such cities charge fees for their recreational facilities. Presently, Boston charges fees for only a minor portion of its recreational offerings.

This Committee is pleased to report that the Recreation Division effectively and enthusiastically provides a wide variety of popular special events, some of which were mentioned in the Introduction.

Contract Programs

In performing its various responsibilities, the Department not only relies on its internal work force but also contracts out for various services. For example, because the tree division was eliminated in response to the budget cuts of Proposition 2 1/2, the Department currently maintains three contracts with private tree servicing companies. One contract is for the provision of immediate, emergency assistance when necessary; a second is for tree removal services, and the third is a limited tree spraying contract by which the trees in the Public Garden, Boston Common and the Commonwealth Avenue Park are sprayed for Dutch Elm Disease.

In addition, the Department contracts with the Boys and Girls Club of Boston to function as the fiscal agent for the operation of the Park Rangers Program and as the fiscal agent for the operation of outdoor and indoor swimming pools from approximately June 15 through Labor Day each year.

The Department is responsible for two golf courses. Both are leased to private persons who in turn maintain and operate the courses. One of the leases provides only that the operator maintain and offer the golf course to the public; the Department shares in none of the profits generated by the use of the golf course. The other lease permits the Department to share in a small percentage of the profits received. With properly trained maintenance personnel, these two golf courses could potentially generate revenues for the Department.

The Department has recently implemented a "Boston Park Partners" Program through which community groups receive matching grants from private foundations and corporations to fund and implement neighborhood-based park projects. Currently there are 32 Boston Park Partners representing 13 different Boston neighborhoods. Activities undertaken by the Park Partners include youth employment programs, maintenance and beautification projects, concerts and youth recreation programs. This is an area in which the Committee believes the Department has shown initiative. The expansion of the Park Partners program

and the emphasis on neighborhood involvement respond directly to the recommendations of the 1984 Boston in Transition report.

Records

As has been mentioned above, the Department has no coordinated system of recordkeeping. Aside from records of budget items and records of various personnel data, there is no systematic, organized approach to maintaining data in the Department. Examples include the fact that complaints received, except for tree-related complaints, are not recorded or saved; the type of work performed by various workers is not noted; the hours it takes to perform various tasks is not recorded; incidences of personal injury and crimes against persons are not recorded; instances of vandalism are not kept track of; which parks receive maintenance, and when, is not formally logged; etc. There is a perception among several administrative persons in the Department that the Department is understaffed and underfunded. Whether this is true or not, it is almost impossible for the Department to convincingly demonstrate its needs, accomplishments and weaknesses without adequate documentation.

Furthermore, until recently, no documentation of complaints received or how they were handled have been maintained by the Department. Recently, the Department implemented a system of handling tree-related complaints. A file including data of when the complaint is received, when and where the corrective work is performed, and a follow-up letter or call to the complaining party is now maintained.

The tree-related complaint system recently implemented should be implemented for all non-tree related complaints. With such a system, the Department could more easily document the need for more workers or equipment if the number of complaints strains the available resources of the Department. Also, the Department would have a means by which to compare the number of complaints per year over a period of time. This would be of some value in gauging whether the Department is improving or not (at least in the eyes of the public) and would also make the Department more accountable to the public.

RECOMMENDATIONS

Administrative Structure

The Department must attempt to improve its management practices:

- Specific duties and responsibilities must be established for all managers and administrative staff;
- Regular management meetings should be held. Departmental and divisional goals should be established and discussed. Managers should then be held accountable for the attainment of these goals;

- A Department planning capacity must be developed. The necessary resources required by the Department must be determined based on input from all divisions of the Department and must reflect articulated Departmental and divisional goals;
- Better management information must be developed and retained in all areas of the Department, and more emphasis should be given to automating many of the Department's Administrative functions; and
- Contractors should not be paid to perform work that could be performed by current Maintenance Division personnel.

Budget

- The Department should discontinue its practice of encumbering all funds immediately, and allow for more flexibility in the management of its resources;
- More current expenditure information and analysis should be provided to key managers on a regular basis. Expenditure levels and patterns should be monitored on a routine basis so that management can identify potential fiscal problems as soon as possible;
- Designated managers should have terminal access to personnel, appropriation and expenditure information; and
- An inventory tracking and control system should be implemented.

Personnel

- The duties and responsibilities of administrative personnel should be evaluated and readjusted to fit current and future Department needs. Job descriptions should be promulgated for all Department personnel. Some number of administrative recreational personnel should be reassigned to other administrative responsibilities;
- Recommendations concerning the number and sufficiency of maintenance personnel will be deferred until the results of the "Maintenance Management" project (discussed below) are available. However, any general management principals developed by that project should be applied to other divisions within the Department;
- Overtime should be closely regulated and should not be permitted without the direct approval of appropriate management personnel. Each month, overtime records should be reviewed by top management and justified by the supervisors;
- The Wednesday through Sunday workshift for maintenance employees should be expanded and coordinated with the Recreation Division. This will allow weekend recreational activity to be covered more adequately without using overtime monies unnecessarily; and

- A regular training program should be promulgated for all Department personnel, including summer help and administrative personnel. Training should be made mandatory and incorporated into each job description.

Maintenance

- An overall maintenance plan or schedule should be developed. It should be determined how many men, doing what type of work, with what equipment, are actually required to adequately maintain the existing parkland. Then, given the existing numbers of men and equipment, it should be determined how much can realistically be accomplished. The important point is that a systematic regular program must be developed;
- A system to permit management and supervisors to locate and communicate with all work crews, at any given time, must be developed;
- A formalized, perhaps computerized, work tracking system which will record and store the type of work performed, by which men, on which days, at which locations and for what time period, must be instituted. Without this type of information, the Department will never know how long various tasks are taking, and workers will never be held responsible for the quality of their work;
- Measurable work performance standards must be developed;
- Periodic performance reviews of all workers should occur;
- A maintenance plan specifically tailored for seasonal help should be developed, and adequate training and sufficient equipment should be provided;
- An expanded use of rotating shifts to reduce overtime and to provide for necessary maintenance, cleaning and rubbish removal on week-ends should be implemented;
- Resource pools for seasonal help, such as the Youth Conservation Corps should be identified and utilized;
- Management should identify and document the need to fill job vacancies either immediately or in anticipation of their occurrence;
- The Maintenance and Cemetery Divisions should be combined. This will more formally acknowledge the similar, shared responsibilities and resources of those two Divisions; and
- Management should consider making the general superintendent a senior management level position.

Recreation

- The Department should seriously investigate whether Boston residents would be willing to pay for additional recreational opportunities as suggested by the 1984 Transition Report. If so, this could be a means by which the Department could expand some of its recreational offerings and accommodate the public without the need for additional appropriations by the City;
- The administrative staff of the Recreation Division should be reorganized so that a more even ratio of administration to employees exists throughout the Department along with an administrative staff in positions where they can be utilized most effectively and productively; and
- A computerized system of issuing permits should be implemented.

Contract Programs

- Each of the programs implemented by the Department should be evaluated yearly. The Dutch Elm Disease spraying project, for example, includes services for only three park areas and does not include trees located elsewhere. A cost benefit analysis should be prepared for the expansion of this service;
- The Department should designate to in-house personnel the specific responsibility of monitoring contracted services and preparing cost benefit analyses for each. There are many in the Department who feel, for example, that some of the maintenance efforts of the "Park Partners Program" are counterproductive. This is due to the perception that some of the Park Partners efforts require an amount of assistance from the Maintenance Division which is more than the effort is worth;
- The same level of scrutiny should be applied to contractual services as is applied to in-house services. Each contract service should be tested for cost effectiveness and productivity on at least a yearly basis; and
- The contractual relationships with the operators of the two City golf courses should be evaluated to determine whether the City is being fairly treated and to objectively determine whether the golf courses should be operated by private parties or by the Department.

Records

- Department management should identify areas of vital and pertinent information. This information should be systematically and routinely collected, interpreted and published.

XIV. POLICE

POLICE

Employees: 2,390

Appropriations:	FY84	\$	69,302,389
	FY85		74,321,143
	FY86		77,450,000

Mission: Law enforcement and
maintenance of public order.

OVERVIEW

General Description

History. Six years after the Town of Boston was established in 1630, it formed a night watch "police patrol" in which citizens participated on a voluntary basis. Although the size of the patrol and the hours in which it patrolled expanded, this informal system of patrol prevailed until 1838, at which time the Massachusetts legislature enacted legislation enabling the City of Boston to hire police officers. Then in 1854, the Boston Police Department was incorporated. The Department, with 250 employees, was run by a Chief of Police appointed by the Mayor and City Council and through area commanders.

In 1885, the Massachusetts legislature transferred authority for the Boston Police Department from the City to the State.

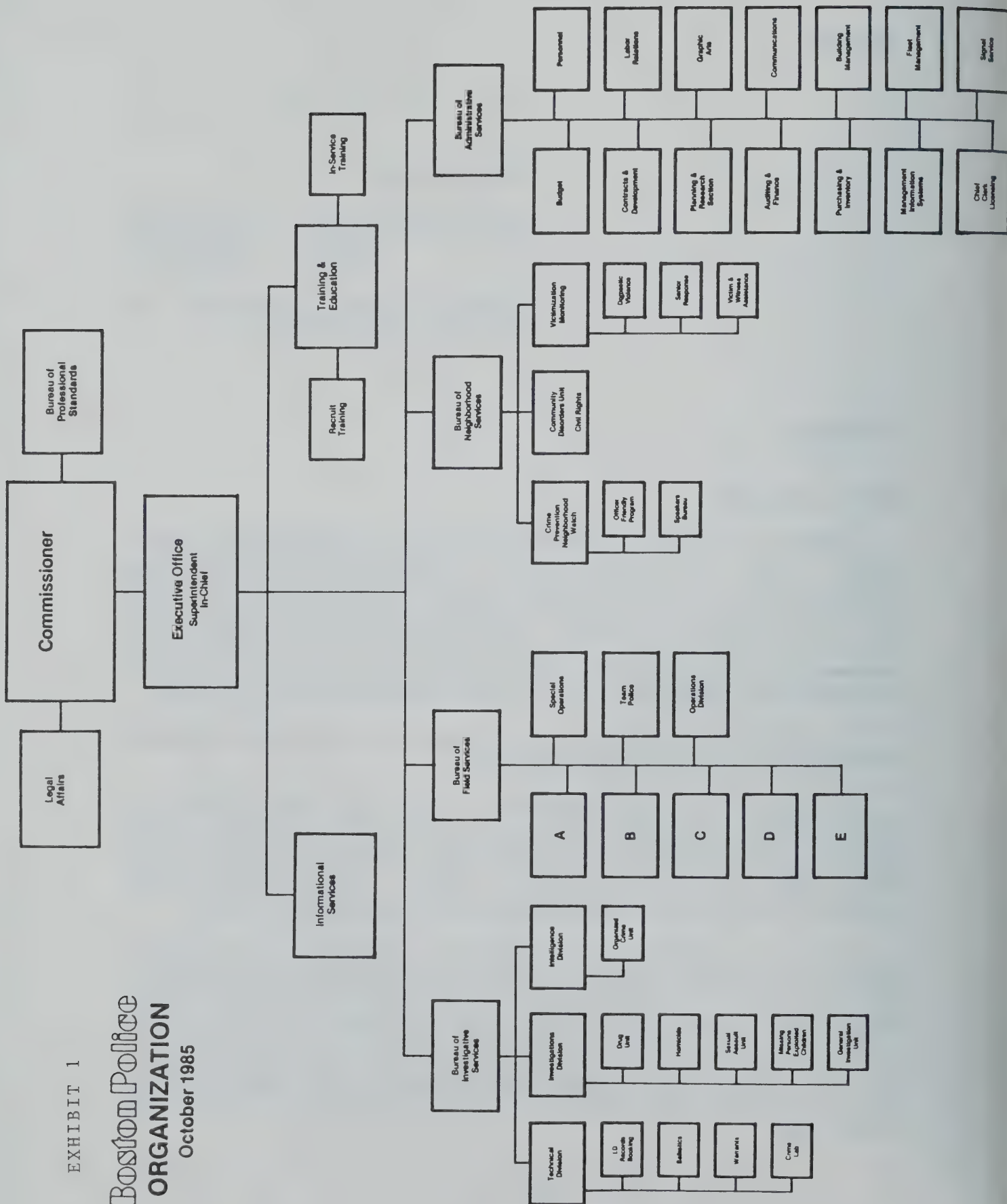
In 1906, the first sole Commissioner of the Boston Police Department, Steven O'Meara, was appointed. In the early 1900's, the Boston Police Department was deemed one of the best in the country based on the following factors: a high ratio of police officers to residents; a high percentage of police officers came from the local community; laws were strictly adhered to; high standards of integrity were maintained; and strong leadership was evident.

In 1919, the police force went on strike, an event which has been described as "singularly important in shaping the future of the Boston Police Department in the 20th Century." The ramifications of the strike were far-reaching: rioting, vandalism and looting ensued, the police lost public support, the strikers (1,117 of the total force of 1,544) were fired, police unionism was dissipated for at least a generation, and the pride characterizing the Boston Police Department was lost. The new police officers lacked experience and tradition, and the Department became one in which police officers were hired on a thirty-year cyclical basis.

Boston Police

ORGANIZATION

October 1985



During the post-World War II era, the media focused on scandals in various police departments, and Boston became the target of a CBS television broadcast entitled, "Biography of a Bookie Joint" which alleged that Boston police officers were participating in illegal gambling. The subsequent report of the International Association of Chiefs of Police (IACP) which reviewed the Boston Police Department was critical of the Department's performance. It found that the Department was too large, police officers were assigned to duties that could be handled by civilians, recordkeeping was inadequate, supervision and inspection needed improvement, and the Department lacked proper equipment.

Two further developments in the 1960's had major implications for the Boston Police Department. In 1962, the State transferred authority for the Boston Police Department to the City of Boston. Then, in the late 1960's, the police force was unionized.

The passage of Proposition 2 1/2 led to a severe budget cut of 22% for the Boston Police Department in Fiscal Year 1982 (FY82), resulting in a large number of police officer and civilian layoffs, a reorganization of the Department, an immediate hiring freeze and the offering of incentives for early retirement. Although 160 police officers were rehired in 1982, this did not compensate for the 450 police officers laid off in 1981 (See Exhibit 2).

EXHIBIT 2

Police Department Workforce

	<u>Command Staff</u>	<u>Superior Officers</u>	<u>Police Officers</u>	<u>Detectives</u>	<u>Total Sworn</u>	<u>Civilians</u>	<u>Total</u>
1980	NA	NA	NA	NA	2,108	420	2,528
1981	NA	NA	NA	NA	1,595	340	1,935
1982	26	186	1,333	244	1,789	350	2,139
1983	27	193	1,368	260	1,848	649	2,497
1984	23	174	1,307	256	1,760	554	2,314
1985	18	158*	1,353	290	1,819	571	2,390

* Supplemented by 65 new sergeants in January, 1986.

Budget and Workload

Recent trends in Departmental spending are illustrated in Exhibit 3. Basic measures of the Department's workload are presented in Exhibit 4.

Police

Expenditures will exceed appropriation level for FY86 by approximately \$4.5 million. This is due largely to overtime costs. Of that \$77.4 million appropriated for FY86, \$4.6 million was budgeted for departmental overtime. If the Department continues the current rate of expenditure for overtime assignments, the Department will spend \$6 million this fiscal year on overtime.

EXHIBIT 3

Police Department Appropriations and Expenditures

<u>Fiscal Year</u>	<u>Appropriated/Expended</u>
FY84	\$69,302,389/\$72,350,787
FY85	\$74,321,143/\$75,300,000**
FY86	\$77,450,000/\$81,950,000**

** Represents a projected figure based on prospective impacts of collective bargaining agreements.

EXHIBIT 4

Police Department Workload

- Number of Part 1 Crimes* Reported:

1985	68,080
1984	63,555
1983	67,302

* Including murder, rape, robbery, assault (aggravated), burglary, larceny, vehicle theft.

- Total Number of Calls:

1985	858,115
1984	914,854
1983	967,290

- Priority One Calls:

1985	81,344
1984	77,205
1983	79,417

Stated Goals and Objectives of the Boston Police Department

The current BPD administration has not finalized an articulation of its goals and objectives in a written document. One report sets forth values and a needs assessment for the BPD, the Confidential Command Staff Draft, June 21, 1985, Plan of Action-Boston-Phase One ("Plan of Action"). In addition, the Commissioner and the Superintendent-In-Chief of the BPD have articulated goals and objectives to the Mayor's Management Review Committee.

The values expressly stated by the BPD Plan of Action as "essential to achieving excellence in police work" include: (1) integrity, (2) sensitivity, (3) patience, and (4) perseverance. These values are incorporated into the following organizational values which "should be the trademark of this police administration:" (1) accessibility, (2) accountability, (3) organizational development, and (4) coordination. The BPD further identified the following priorities: (1) maintaining integrity and high professional standards, (2) increasing neighborhood participation in the setting of service delivery priorities, (3) improving performance and productivity, (4) expanding manpower and resources, (5) addressing quality of life issues, (6) combatting drug trafficking, (7) providing career paths for employees, (8) offering in-service and specialized training, (9) utilizing new technology, and (10) conducting rules review and long-range planning.

The Commissioner of the BPD (the "Commissioner") decided in the Spring of 1985 to focus on four major areas: (1) combatting drugs within the City of Boston and within the BPD, (2) enhancing sensitivity to communities, including both the BPD's responsiveness to residents' concerns and the BPD's treatment of residents, (3) eliminating the use of excessive force, and (4) increasing accountability at all levels in the BPD. Additional goals articulated by the Commissioner include enhanced internal and external communication, and the racial integration of the BPD at all levels.

In addition, the Superintendent-in-Chief outlined three operational goals for a new patrol plan now in the planning stage including, in order of importance: (1) immediate response to "priority one" calls. "Priority one" calls are emergencies which require immediate police attention. These include the threat of loss of life or limb, serious crime in progress, or the apprehension of dangerous felons; (2) drug control; and (3) enforcement of traffic violations.

CRITICAL PERFORMANCE MEASURES

Introduction

The internal mechanisms for evaluating progress by the Department over time are informal. The BPD administration's goals and objectives have not been translated into clear standards against which to assess the department's overall performance or the performance of individual units or officers.

The absence of systematic, meaningful reporting on performance is not new in the BPD. The prior administration experimented only briefly with a formal system for evaluating the performance of Area Commanders. Individual patrol officers have not been the subject of systematic supervisory review

throughout the recent history of the Department. Although preliminary internal discussions regarding the implementation of performance reviews of command staff have occurred, such a review system is apparently only in the planning stages. To institute formal evaluations of patrol officers, the BPD management would have to negotiate such a provision into the collective bargaining agreement between the City and the Boston Police Patrolmen's Association ("BPPA").

The BPD's managers have a broad range of statistics and other input on which they base informal judgments of Departmental progress and individual performance. The indicators of performance in priority areas offered to the Committee by the BPD are presented below.

Integrity

The Department cites the increased volume of disciplinary actions taken against police officers in the past year as evidence of this administration's commitment to thorough investigation of and appropriate response to allegations of improper or unprofessional police conduct. The Commissioner also views the recent increase in citizen complaints received by the Bureau of Professional Standards as an indication of enhanced public confidence in the BPD, rather than an indication of increased incidents of improper police behavior.

Effectiveness of the Bureau of Field Services

While acknowledging the need for other measures as well, the Commissioner credits the Bureau of Field Services ("BFS") with improved performance on the basis of an increase in the number of arrests made by patrol officers. He also cites an increase in positive unsolicited citizen comments about uniformed officers in the form of phone calls, letters, and cards. The Department cites a decrease in response time to priority one 9-1-1 calls since September, 1985.

Effectiveness of Traffic Enforcement

The Commissioner notes a significant number of positive comments from citizens regarding high visibility of traffic enforcement officers in downtown shopping districts during the holiday season.

Integration of the BPD at All Levels

Four minority officers have been promoted to the Command Staff, and one minority civilian has been named as a unit director in the Bureau of Administrative Services since the Commissioner took office. Since the beginning of the current Commissioner's tenure, 50% of the new officers hired have been minorities.

Combatting Drugs Within the City and in the BPD

The Commissioner's commitment to combatting the drug problem in the City of Boston has been demonstrated by his channelling significantly more resources to the Drug Control Unit of the Bureau of Investigative Services ("BIS"). The number of officers in the drug unit has increased from 23 in April, 1985 to 60 in January, 1986.

BPD management uses three measures to determine its effectiveness in combatting the drug problem in the City of Boston: (1) the volume of quality arrests, i.e., arrests of those at the distribution level of a drug organization hierarchy, not simply arrests of those in possession of controlled substances, (2) the amount of drugs being seized during an arrest, and (3) community reaction to the level of drug activity in a given neighborhood.

Based on these three criteria, the BPD has shown progress in meeting its stated goal. Total drug arrests increased from 534 in 1984 to 1,094 in 1985 (Drug Control Unit Statistics, 1984 and 1985), the volume of drugs seized during an arrest has reportedly increased, and the number of complaints received by the Commissioner from neighborhoods in the form of letters and telephone calls has decreased.

The Committee offers the following three general findings regarding existing internal efforts to review and assess performance of the Department:

- BPD management relies heavily on unsolicited citizen input to judge the quality of police performance. This input is indispensable, but requires systematic tracking and analysis in order to provide meaningful data;
- Where objective data, such as arrests or response time, are used to evaluate performance, this is done retrospectively. The failure to establish standards of performance ahead of time limits the usefulness of such evaluations; and
- For some of the Department's key priorities, the Commissioner and his staff indicate that they believe performance may be impossible to measure. Neither the complexity of evaluating police performance, nor its importance, should be underestimated.

REFORMULATION OF GOALS AND OBJECTIVES

To provide a framework in which to offer observations on the BPD's performance, the Committee has reformulated the goals and objectives as set forth by the Commissioner and his staff. The reformulation in no way represents an effort to propose different goals and objectives for the BPD. The reformulated goals and objectives are organized in two categories: (1) the delivery of police services to the neighborhoods of the City of Boston and (2) the internal organizational tools that are used to deliver those services.

The Delivery of Police Services to the Neighborhoods

- Respond promptly to violent crimes in progress or priority one calls;
- Control quality of life problems, e.g., priority two and three drug-related crimes, traffic-related incidents, civil rights-related incidents, youth gangs, family disturbances;
- Ensure community input into and satisfaction with the priorities and methods of the BPD;
- Combat the drug problem; and
- Investigate crimes (especially drug-related and quality of life related crimes) thoroughly and effectively.

Internal Organizational Tools to Support Effective Service Delivery

- Ensure the integrity of the BPD;
- Provide adequate supervision and training at all levels of the BPD;
- Promote communication at all levels of the BPD; and
- Provide suitable quality of worklife, including:
 - Adequate vehicles
 - Clean stationhouses

ASSESSMENT OF PERFORMANCE

Introduction

In this section, the Committee offers observations on the progress of the Department over the last year toward meeting its goals and objectives. Given the Committee's mandate, these comments are not meant as a comprehensive or conclusive evaluation of this Administration's management performance. Rather the Committee presents here some broad comments it believes helpful in identifying areas on which a performance evaluation system ought to concentrate.

Delivery of Police Services to the Neighborhoods

Respond Promptly To Violent Crimes In Progress. On August 15, 1985, the BPD changed the police radio system by decreasing the number of channels from 7 to 5, thereby providing that all units in a given Area (the City is divided into 5 Areas, A-E) will hear the priority one calls in that Area. Prior to this change, the City was, for purposes of responding to priority one 9-1-1 calls, divided into two Zones, the North and South Zone. Rapid response units, those two officer units with primary responsibility for responding to priority one calls, covered

either the North or the South Zone of the City and were the only units to hear priority one calls. The problem with this system was that priority one calls were heard only by a limited number of the officers on patrol in each Area, those in the rapid response cars.

Since the changes in the channel system, the Department cites a decrease from two minutes to one minute in the average time from receipt of a priority one call to broadcast of the call to a response unit. From a review of the Department's reports on response time, it appears that this improvement has not yet resulted in quicker arrival of response units.

Comparing the four months September through December of 1984 and 1985, average time from broadcast of a call to arrival at the scene (travel time) has actually increased slightly. The net result is that the time from receipt of a call to arrival of a response unit is the same for both periods, nine minutes. Comparing the full years 1984 and 1985, time from receipt of a call to arrival has increased from an average of eight minutes to an average of nine minutes.

These data do not necessarily signal inadequate response. Interviews conducted by the Committee indicate that the change in the radio system has been well received at all levels of the Department. Nonetheless, the Department could benefit from a more rigorous analysis of response time data.

Average response time is not necessarily the most appropriate measure of the ability of the Department to respond promptly to emergencies. Statistical averages by definition do not convey any information regarding extremes. While the average may be improving, there may be an incidence of unacceptably long response times. The Department does not routinely prepare or review data regarding distribution of response times.

The BPD is expecting approximately 65 to 68 of the 80 recruits who are currently training at the Boston Police Academy to join the ranks of the BPD in March. Since the Commissioner's appointment one year ago, 125 new patrol officers have been added to the Department. This increase in the number of patrol officers should improve the delivery of police services to the neighborhoods by providing improved coverage of the patrol plan.

The BPD has made some changes in the Operations Division and is planning others, all designed to improve the emergency response capability of the Department; many of these changes were recommended by the Mayor's Committee on 9-1-1.

The staffing pattern has changed significantly in the last year. The number of civilian operators has increased from 52 in January 1985 to 80 in January 1986; however, total staffing of the Operations Division has increased by only five positions, and the ratio of supervisors to staff has decreased slightly during the same period. Overall personnel of the Operations Division is down by 29 staff, or 17%, compared to staffing levels two years ago in January 1984.

Plans to upgrade compensation for civilian Operations Division personnel have been in the works for several months; the current starting salary of

approximately \$14,000 per year makes it extremely difficult for the Department to compete for capable staff.

Long term improvements planned for the Operations Division include a multi-million dollar upgrade of the computer hardware and software supporting 9-1-1 response. Given the continuing public concern over 9-1-1, all of the improvements planned over the next 18 to 24 months merit full support and close evaluation.

Training and procedures for 9-1-1 personnel are discussed later in this chapter.

Control Quality of Life Problems. In March 1985, the BPD created the Bureau of Neighborhood Services ("BNS") to coordinate centrally units which address what the Plan of Action labels major "quality of life issues for the Police Department and the neighborhoods." The primary responsibility of the BNS is to address issues of crime prevention and intervention and civil rights violations, and to review and analyze crimes against specific groups or types of individuals. The BNS comprises three units: (1) victim assistance monitoring; (2) community disorders; and (3) crime prevention and neighborhood watch.

Establishment of the BNS symbolizes the Commissioner's commitment to addressing quality of life concerns. To date, the Committee knows of no evidence with which to assess the Bureau's impact.

While the BNS provides centralized resources and specialized services, daily responsibility for responding to quality of life concerns in the City's neighborhoods lies with the Bureau of Field Services. The new BPD administration has not in the first year made major changes in the pattern of deployment of the Department's patrol force. The current deployment plan, specifying numbers and types of patrol by shift and Area, is a modified version of a plan in force since March 1983. However, the Department describes the plan as a "recommendation." It notes that by its calculations the 821 police officers (or approximately 60% of total police officers) available to staff the plan as of its inception fall 26% short of the level necessary for full staffing. It appears either the Department is operating without a realistic day-to-day operational plan governing the deployment of its patrol force, or such a plan exists but is not written down. Either situation tends to lead to confusion and makes management difficult.

Plans for a significant redeployment of the patrol force are nearing completion. The new plan entails:

- Redesigning beat routes to better match neighborhood boundaries;
- Allocating patrol officers to ensure beat integrity, i.e. sufficient continuity of assignment in a given neighborhood to build trust relationships with residents and detailed knowledge of community concerns;

- Concentrating resources on pro-active problem-solving as well as responding to incidents; and
- Implementing a differential police response program, designed to hold non-emergency calls for later response in order to support beat integrity.

These City-wide patrol reforms will be complemented by an ambitious neighborhood policing experiment to be undertaken in two areas of the City. This experiment will make use of sophisticated analysis of repeat calls to 9-1-1, as they indicate patterns in quality of life concerns. The experiment will test forms, procedures and citizen feedback mechanisms designed to increase police officers' effectiveness in working closely with the community.

Implementation of the new patrol plan is an area that should be closely monitored and evaluated in the coming months in light of the questionable performance of the BPD in meeting the goals of its current plan.

Ensure Community Input Into and Satisfaction With the Priorities and Methods of the BPD. The Commissioner has emphasized the importance of community satisfaction with the overall delivery of police services. To this end, the Commissioner, the Area Commanders and the BNS have met with residents and community groups, encouraged them to enter into written contracts with the BPD listing their priorities, and responded to those priorities by instituting directed patrol plans based on a particular community's concerns.

Based on his contact with the community, the Commissioner believes the public is more satisfied with police responsiveness today than a year ago. The Department has not undertaken efforts, however, to gauge public opinion systematically over time. It is therefore not known whether the sample of Boston residents who contact the Department is representative of the community as a whole.

Combat Drug Problem. The Commissioner has consistently stressed his priority of fighting the "drug war" in the City of Boston. As explained above, he measures the Department's progress in this area based on the increased numbers and quality of arrests and decreased complaints from neighborhood residents.

The level of the Department's activity in combatting drug trafficking has risen significantly, with a doubling of the number of arrests in 1985 over 1984, and a much higher public profile on the issue. No measures appear in place, however, to evaluate either the productivity of the drug unit or the impact of its activity on the level of drug trafficking or related activities in the City. The Committee urges the administration to improve the coordination of its efforts to deal with the drug problem by dealing more effectively with state, county and federal drug enforcement officials.

Investigate Crimes Thoroughly and Effectively. The current administration is strongly committed to integrating the Bureau of Investigative Services, which oversees all criminal investigations undertaken by the BPD, into its overall strategy for policing the City.

The new BPD management has reassigned detectives from central units to field assignments reporting to Area Commanders. Meaningful commentary on the BIS integration efforts is beyond the scope of this report.

Internal Organizational Tools to Support Effective Service Delivery

Ensure the Integrity of the BPD. The Commissioner has consistently emphasized the importance of integrity, both within the BPD and in its external contact with residents of the City. The new BPD management created the Bureau of Professional Standards ("BPS") which encompasses internal discipline and investigatory functions. Prior to the BPS, such functions were performed by the Bureau of Investigative Services.

Performance measures have not been formulated to determine the BPD's progress in meeting its goal of ensuring integrity. The Commissioner has stated, however, that complaints made to the Internal Affairs Division ("IAD") of the BPS have increased, which he perceives as demonstrating an increased public belief that its complaints will be seriously and thoroughly investigated. In 1984, 232 complaints were received by the IAD, of which 50 were sustained. In 1985, 301 complaints were received by the IAD, of which 60 were sustained.

Since his appointment on February 1, 1985, the Commissioner has fired seven police officers, two dispatchers, two cadets and three probationaries for misconduct.

Many interviewed by the Committee questioned the severity of the punishment imposed in the so-called Kelly case. A Boston detective, Francis G. Kelly, Jr., was given a one-year suspension from the BPD in 1985 after the Department determined that Kelly had used excessive force and filed a false report. Members of the Department, at various levels, expressed the belief that the punishment was based more on the public outcry emanating from the widespread exposure and debate created in the press, than on the actual events that occurred. The Committee is not questioning the appropriateness of the Department's action in this case. Rather, the Committee notes the existence of a significant communication and internal credibility problem. BPD management efforts to provide leadership on the issue of integrity may be undermined if members of the Department doubt whether fairness and consistency guide the exercise of discipline.

Provide Supervision and Training at All Levels of the BPD. One BPD management goal is to provide adequate supervision. The vast majority of those interviewed at all levels of the Department described inadequate supervision as a serious problem. This problem has been caused, in part, by the fact that there is a dearth of supervisory personnel, such as sergeants. On January 1, 1986, of the 148 sergeants on the force, 21 served in an "active" capacity. Of the 55 lieutenants, 18 served in an acting capacity. The serious morale problems caused by the insufficient number of supervisory personnel has also been cited by the Boston Finance Commission in its 1986 report. The BPD administered an examination for the rank of sergeant on June 1, 1985 and on January 31, 1986. The City administration acknowledges the need to increase the number of

supervisory personnel. They have initiated a process to ensure the administration of exams for sergeants and lieutenants in an effort to improve Department morale. The Department hopes to administer an examination for the rank of lieutenant by the end of February, 1987.

The need for comprehensive, consistent and relevant training is central to the goal of providing the organizational tools that ensure effective service delivery. Under the leadership of the Commissioner, training has become a key goal of the new BPD management. The Division of Training and Education has set forth comprehensive, written goals and objectives with built-in performance measures.

In March 1985, the Boston Police Academy was relocated to a permanent training facility in Hyde Park (formerly, training was carried out in a City high school with limited space and facilities) where classes for patrol officers, detectives, sergeants and lieutenants will be held approximately forty weeks per year, with the explicit goal of providing in-service training for the new recruits and for 85% of the sworn officers on a yearly basis. Attendees are required to evaluate each session at the Academy. In addition, instructors perform self-evaluations of their own courses and are also orally evaluated by their superiors. The BPD is also in the process of establishing a training committee, composed of Deputy Superintendents from each bureau, to review and evaluate training programs.

The lack of training for employees of the Operations Division of the BFS, to which the 9-1-1 function is assigned, has recently become a focal point. In November, 1985, the Mayor's Committee on 9-1-1 recommended that within 90 days "regular in-service training for all employees and the development of a formal standardized curriculum for both preliminary and in-service training . . . for all employees in Operations" be established. To enhance the 9-1-1 service system capacity, the Administration has added \$5.5 million to its capital budget, specifically for system improvements.

No in-service training for 9-1-1 operators has been given since 1979, nor is there a formal manual for 9-1-1 operators and dispatchers to utilize. A manual for operations personnel exists in draft form which is unacceptable. Plans to finalize the document are underway in an effort to improve its clarity, directions and organization.

A 5 to 10 day in-service training program for the civilian 9-1-1 operators is scheduled to commence Marcy 15, 1986. Training for 9-1-1 supervisors and police dispatchers will follow.

In sum, the BPD appears to be making progress in meeting its goals and objectives in the area of supervision and training. These are areas that should be re-evaluated in several months, subsequent to the expected increased supervision from the new sergeants, completion of this year's in-service training program and the training of 9-1-1 operators, supervisors and dispatchers.

Promote Communication at All Levels of the BPD. Promoting communication within the BPD is implicit in building the requisite internal organizational tools to ensure effective service delivery. In this regard, it should be noted that the BPD has made some progress in promoting internal communication. Regular monthly meetings are held with the Commissioner and the BPPA, the union representing the patrol officers, which represents an improvement in the amount and quality of communication between the prior BPD management and the BPPA. Such consistent communication has aided the resolution of cases, decreased the amount of litigation, and reportedly decreased grievances by 40% as a result of favorable resolutions within the Department.

Communication problems do exist, however, in other areas within the Department. It appears that information regarding policy decisions and anticipated changes in the Department is circulated informally prior to being addressed directly by BPD management.

The BPD has no systematic City-wide mechanism for disseminating information regarding the occurrence of crimes and descriptions of suspects to patrol officers. If, for example, a serious crime has occurred during a prior shift in a given Area, patrol officers are generally informed of such an incident during roll call, but details regarding the crime and the suspect are not distributed routinely in a comprehensive, standard format. Details describing the incident and the suspect are found in police reports located in the station houses, but are inaccessible to the patrol officers once they have left the station house to commence their patrol.

The Committee recommends that BPD management and patrol officers design a standardized format for providing patrol officers on each shift with a written document including details of the types of crimes, the locations of the crimes, descriptions of the suspects, general problem areas in a given neighborhood, and any other data deemed relevant by BPD management and patrol officers.

Quality of Work Life. The BPD has taken certain steps which will unarguably improve the quality of work life by providing tangible resources for the police force.

First, the BPD has reorganized the Bureau of Administrative Services ("BAS"), naming a civilian director to head the BAS for the first time in Department history. The BAS appears to be the appropriate forum in which to focus on certain tangible quality of life issues.

Through the BAS, the BPD has begun to address the serious problem of an inadequate number of working vehicles. The problem has, at certain times, prohibited area commanders from complying with their patrol plans and led to shifts in patrol officers from vehicles to foot patrol, not as a calculated move to improve coverage, but because vehicles are unavailable. The BPD has plans to open a new vehicle repair facility, the Frontage Road facility, which will be available to perform repairs in the evening and thereby decrease vehicle maintenance problems.

Inadequate compensation for mechanics impinges upon the Department's ability to hire well-qualified mechanics regardless of the site or the hours of operation of the repair facility. In addition, concerns regarding the rotation of cars among the five Areas, rather than providing each Area, and ideally a specified group of police officers, with the same vehicles, need to be addressed. The Department is launching a pilot program of dedicating specific vehicles to a unit of officers.

The BPD also has plans to purchase new vehicles. Consistent repair of vehicles in conjunction with new vehicles should greatly alleviate the serious shortage of vehicles.

The problem of unclean station houses has been raised by the Commissioner and patrol officers in meetings with the Mayor's Management Review Committee. The BAS is studying whether the BPD should contract with an outside maintenance service to provide improved services, and is conducting an experiment to determine the probable effectiveness of such a potential contract.

RECOMMENDATIONS

In the Committee's view, the Police Department stands to benefit enormously from the introduction of a performance review system.

As with all urban police departments, the BPD has a sweeping mandate, facing high, diverse and sometimes conflicting expectations from the public.

Let it be recognized that police officers and police executives are asked to fulfill an intricate and sophisticated set of professional responsibilities. The clear articulation of goals and objectives and the consistent application of measurement standards can be critical to making their job manageable, and is critical to making them genuinely accountable to the public.

To establish a mechanism that will furnish the administration and the public with accurate and useful information, the City should design a system which meets the following broad criteria:

- The goals, objectives and standards should be stated in clear terms; the procedures for measuring performance should be as simple and straightforward as possible. A performance review system which is perceived internally as bureaucratic and complex will not be respected or used constructively;
- The system and the standards must be personally sponsored by the Commissioner and applied consistently, over time and among those being measured. The Committee suggests that the system start with efforts to evaluate the progress of the Department as a whole and the performance of individual command staff members in managing their Bureaus or Areas of command, rather than concentrating on the performance of individual police officers. This will underscore the commitment of senior management to the process;

- The system should make good use of opinion and attitudinal research, aimed at monitoring public demands for and satisfaction with police services, as well as the beliefs and perceptions of members of the Department; and
- The specific performance objectives and standards for each activity to be evaluated should be developed with the full, active participation, not only of the manager(s) being measured, but also of police officers and supervisors responsible for execution. The Committee believes that if a performance review system is established in the BPD as the product of broad, open discussion of objectives, expectations, resources and constraints, the process itself can significantly contribute to the quality of professional collaboration within the Department.

The following list outlines specific objectives and performance standards, some of which are already under consideration by the Department, which may be useful in evaluating the progress of the BPD toward its key goals. The list is illustrative, not exhaustive or prescriptive. It is organized in accordance with the formulation of the Department's goals presented earlier in this chapter.

Service Delivery

- Respond promptly to violent crimes in progress. A meaningful measure of performance may be based on a combination of:
 - A decrease in average City-wide response time from receipt of priority one calls to arrival of police response unit;
 - A decrease in percent of priority one calls responded to in over "X" minutes, where "X" is defined as the maximum acceptable emergency response time; and
 - An increase in percent of priority one 9-1-1 callers surveyed who indicate satisfaction with overall BPD response.
- Control quality of life concerns
 - Following implementation of the new patrol plan, an overall decrease in repeat calls for service City-wide;
 - An increase in police visibility over time, measured through regularly administered public opinion surveys; and

- In connection with implementation of the Department's neighborhood policing experiment in selected areas, achievement of specific reduced call targets established in advance of the experiment.
- Ensure community satisfaction
 - An increase in satisfaction among target groups such as:
 - (i) Citizens who offer unsolicited comments, measured by logging and analyzing incoming mail and telephone calls to BPD headquarters;
 - (ii) Neighborhood opinion leaders, measured by administering written questionnaires at community meetings; and
 - (iii) Residents of areas included in the neighborhood policing experiment, measured by the results of a Post Card Survey which has been proposed as part of the experiment.
 - An increase in satisfaction by the general public, measured through regularly administered public opinion surveys.
- Combat drugs
 - In addition to the measures in use or planned by the Department, a decrease in drug-related calls and/or offenses over time. This will require precise definition, careful analysis and moderate setting of targets in order to be helpful.
- Investigate crimes thoroughly and effectively
 - The Committee has explained earlier in this chapter that this aspect of BPD operations is outside the scope of this report.

Internal Organizational Tools

- Ensure integrity and accountability. The Committee acknowledges that the impact of the Department's efforts in this area will be extremely difficult to evaluate systematically. The following possible indices are offered for consideration:
 - A decrease in citizen complaints alleging improper police conduct over the long term, i.e. years not months;

- An increase in citizen satisfaction with the Department's handling of alleged improprieties, measured through a survey of complaints to the Internal Affairs Division of the Bureau of Professional Standards; and
- An increase in general public confidence in the integrity of the Department, measured through regularly administered public opinion surveys.
- Provide adequate supervision and training
 - Progress toward pre-established optimal supervisory ratios;
 - Maintenance of rational and equitable allocation of lieutenants and sergeants throughout the Department; and
 - Achievement of the BPD Academy's existing goals and objectives.
- Promote internal communication
 - An increase at all levels of understanding of the Department's policing strategies and objectives and of administering policies and procedures, measured through survey; and
 - An increase in police officers' satisfaction with the level, timeliness, and quality of factual information (such as the detail of recent incidents and suspect descriptions) routinely provided to them, measured through survey.
- Enhance quality of work life
 - Maintenance of adequate number of police vehicles in good working order;
 - Improved maintenance of station houses, measured by systematic objective audit; and
 - Enhanced job satisfaction among police officers, measured by survey.

ADDITIONAL RECOMMENDATION

The Mayor's Management Review Committee urges the Administration to undertake a program of further review of the BPD's goals and objectives, and its management resources and strategies. The Committee believes that an expanded external management advisory process is necessary for the following reasons:

- The Committee's review has necessarily been in significant respects cursory, given the complexity of the issues and time and resource constraints. The Commissioner and others specifically identified areas for the committee's review, such as the operations of the BIS, which it has not been possible for the Committee to address; and
- There are items on the Department's agenda, including continued upgrading and expansion of the Department's training program, enhancements to the 9-1-1 response system, implementation of the new patrol plan, and improved fleet and facilities maintenance, where the Department's efforts can be complemented and facilitated by external resources.

The Committee does not wish to prescribe how a continuing management advisory process ought to be organized or staffed, but does wish to note that the process should entail the active volunteer participation of independent individuals with leadership standing in the Boston community to ensure credibility and objectivity.

XV. PUBLIC WORKS

PUBLIC WORKS

Employees: 538

Appropriations:	FY84	\$38,728,442
	FY85	36,751,000
	FY86	39,600,000

Mission: Maintenance of highways, roadways and bridges. Street lighting, street cleaning, snow removal, trash collection and disposal. Engineering Services. Emergency Services.

OVERVIEW

The Public Works Department's duties center on the construction and maintenance of the City's infrastructure. The major programs of the Department are aimed at the maintenance of highways, bridges and sidewalks, street lighting, street cleaning, snow removal, and rubbish and garbage collection and disposal. This task involves reconstructing and maintaining 784 miles of streets, 34 vehicular and 7 pedestrian bridges, approximately 23,400 City-owned electric street lights (Boston Edison owns the remaining 25,000) and 1,881 gas street lamps. The Department supervises contracts for the collection and disposal of 221,000 tons of trash each year from City residents. In addition, the Department provides the engineering services for capital improvements.

The mission of the Public Works Department includes a wide range of goals. The Department seeks to construct and maintain all roadways, highways and bridges to meet high standards of safety. It provides services which create an image of cleanliness and attractiveness, including street cleaning, lighting, snow removal, and trash collection. The Department also seeks to respond quickly and effectively to City problems in conjunction with other agencies including Traffic and Parking, Police, Water and Sewer, Parks and Recreation, Neighborhood Services, and the Massachusetts Department of Public Works.

The Department is organized in the following divisions:

- Highway Division;
- Engineering Division;
- Sanitation Division; and
- Central Office.

Exhibit 1 presents an organizational chart of the Department.

The Department responds to service needs by neighborhood and often keeps records of requests and complaints by area. Aberrations from the historic pattern of requests and complaints are thus clearly pinpointed and receive special attention. The Highway Division maintains service records according to its ten districts, each with a superintendent and several inspectors. (Exhibit 2)

PUBLIC WORKS DEPARTMENT

19 MANAGERS

30 YEARS AVERAGE SERVICE

566 PERSONNEL

CLASSIFIED AND LABORING

SERVICES

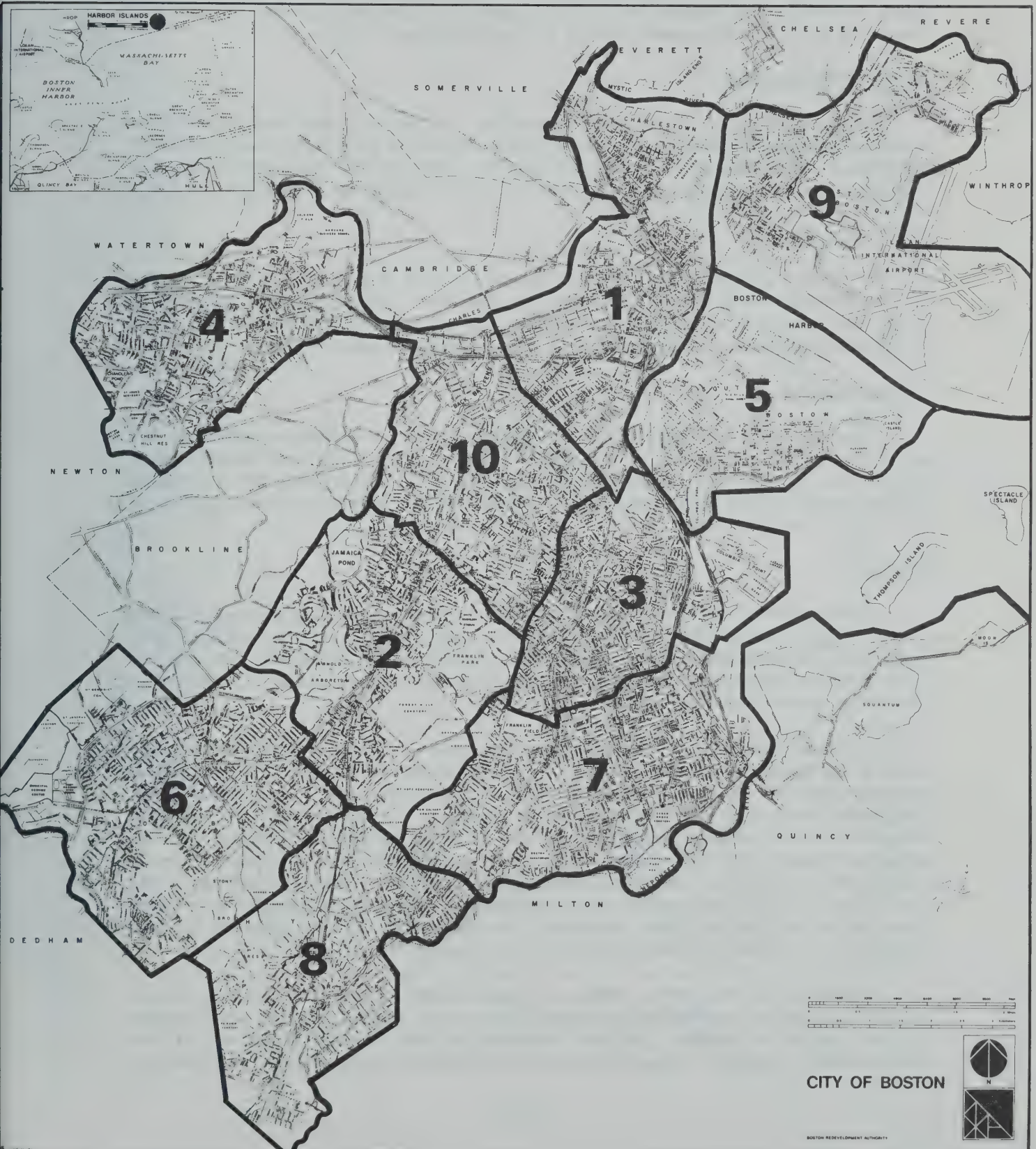


Service Districts

Districts

- 1 Downtown, North End, Back Bay, Charlestown
- 2 Jamaica Plain
- 3 North Dorchester
- 4 Brighton
- 5 South Boston

- 6 West Roxbury
- 7 South Dorchester
- 8 Hyde Park
- 9 East Boston
- 10 Roxbury, Back Bay, Kenmore, Fenway



Highway Division

The Highway Division employs 383. It performs maintenance, repair and construction of bridges and highways. It is also responsible for street cleaning, snow removal, ice prevention, pothole repair, and street lighting (50 percent owned by the City, 50 percent owned by Boston Edison).

Engineering Division

The Engineering Division is responsible for planning and designing future construction and improvement. Tasks include capital planning, development of plans and specifications, maintaining contact with outside funding sources, and running a public improvements commission. The Division has 33 employees.

Sanitation Division

The City component of the Sanitation Division is greatly reduced because of the decision to contract out for these services. Collection and disposal of trash are provided by private contractor, except for the Haymarket Area and litter baskets located throughout the City. Current employment is 30.

Central Office

Management services for the Department and its extensive personnel are provided by 92 employees in the Central Office including fleet maintenance personnel. Management tasks include billing, payroll, permitting and contracts. Maintenance of the fleet and the tracking of complaints are two additional Central Office functions.

Budget

The general trend for the Public Works Department during the period from Fiscal Year 1975 (FY75) through FY86 has been one of steady and generally increasing expenditures. One year which stands as an exception, however, is FY82, during which Proposition 2 1/2 was implemented and took full effect on the Department's expenditures.

Further analysis of expenditures reveals a trend toward decreasing purchasing power in the Department. As depicted in Exhibit 3, when annual expenditures are adjusted for the Boston Urban Consumer Price Index (CPI), generally decreasing purchasing power is depicted. In particular, 1982 shows a combination of reduced expenditures and reduced purchasing power, with an adjusted budget of \$17.6 million. Even after a period of some recovery from "2 1/2", 1985 as adjusted represents the year of second lowest expenditures. The period 1977 to 1979 on average was budgeted for \$3 to \$4 million per year more than the period 1983 to 1986. However, the blizzard of 1978 did account for \$2.5 million of emergency expenditures for snow removal in that year.

Analysis of the components of expenditures during the period reveals another trend: an increasing portion of each year's budget is spent on overhead items, leaving a smaller portion to spend on the service functions of the Department. Exhibit 4 shows overhead items, specifically energy, supplies and

PUBLIC WORKS DEPARTMENT Total Expenditures, FY75 - FY86 (\$ in Millions)

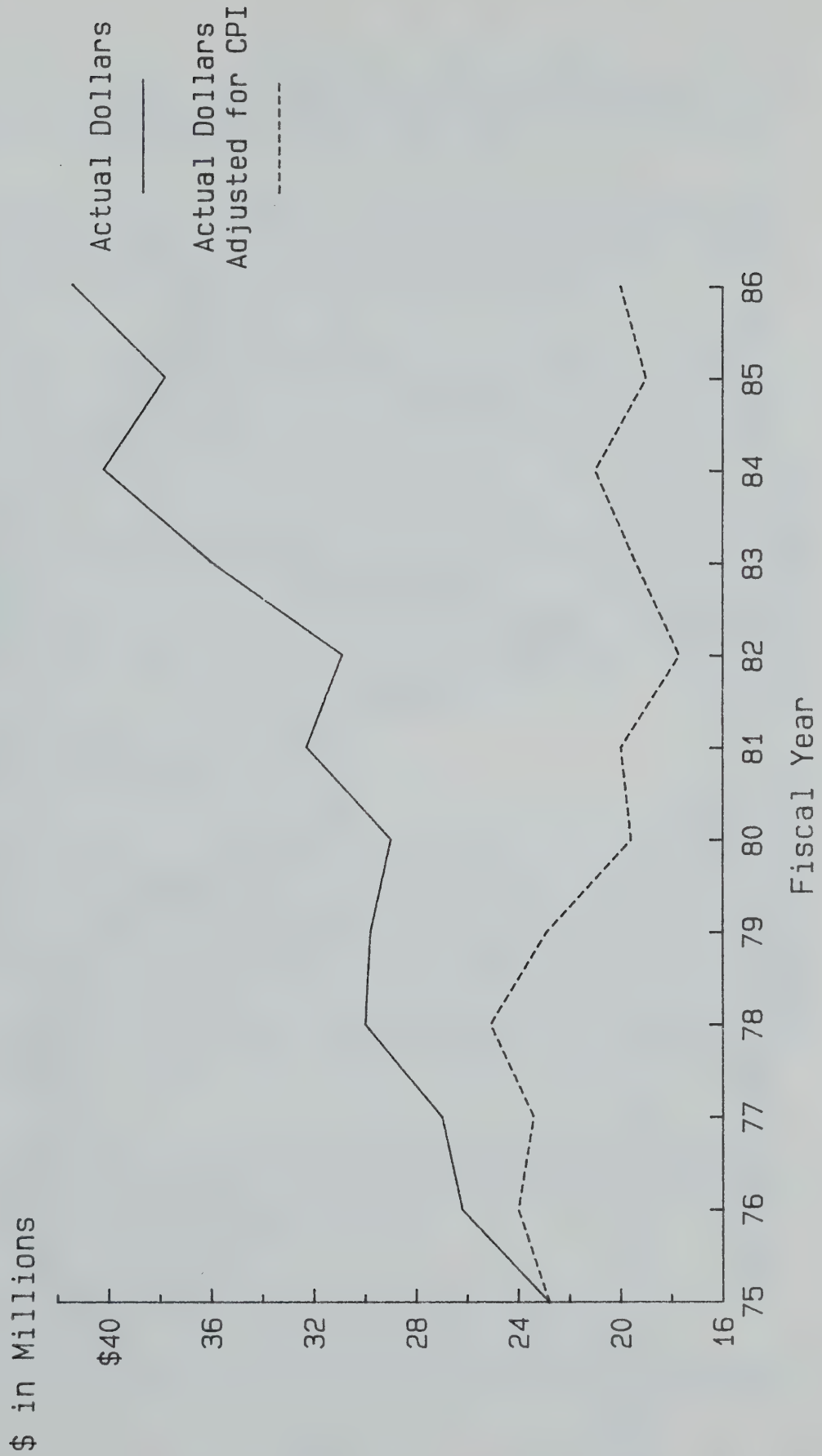
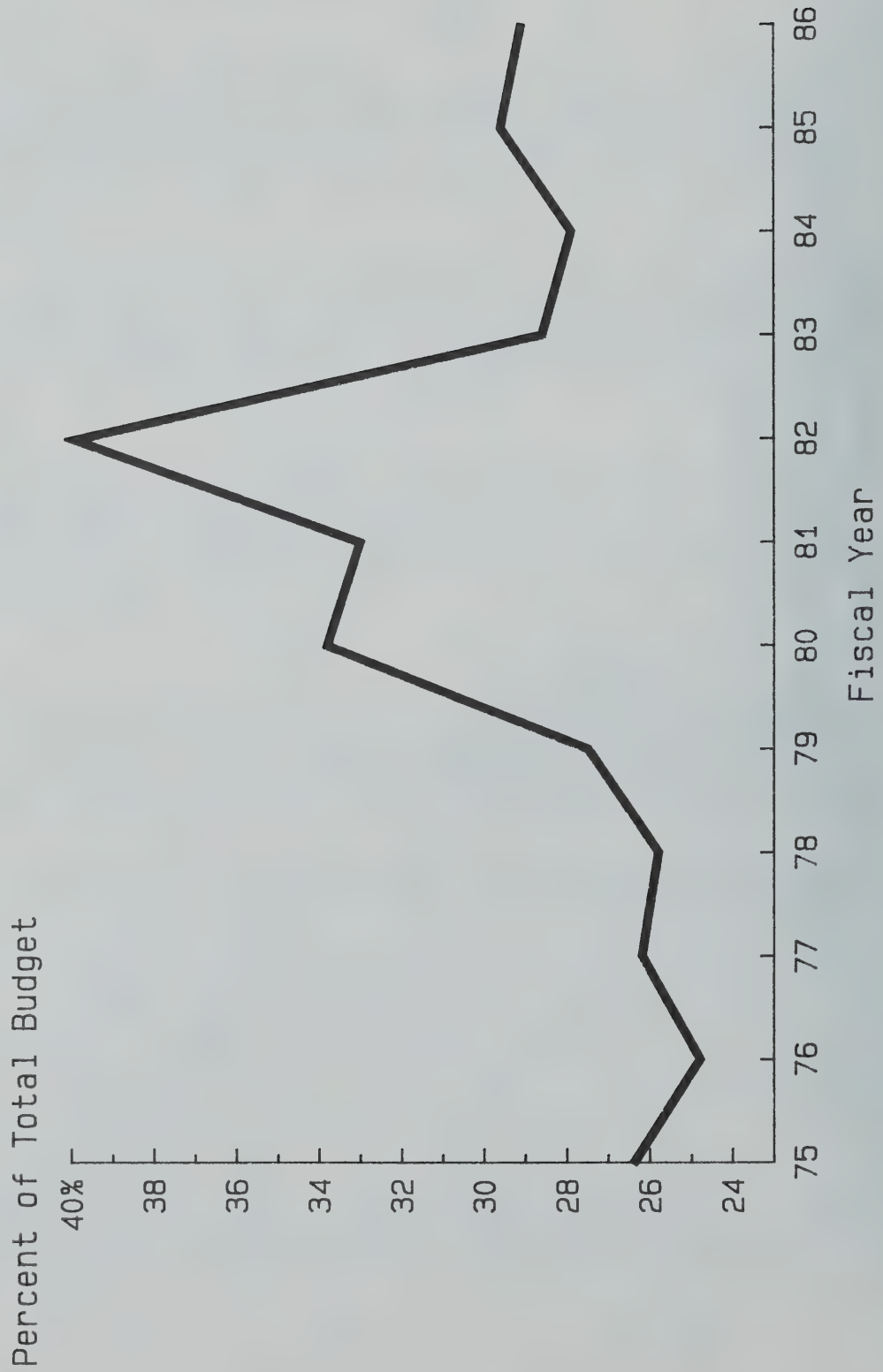


EXHIBIT 4

PUBLIC WORKS DEPARTMENT
"Fixed Costs" As A Percentage of Total Budget
FY75 - FY86



"Fixed Costs" = Energy, Supplies & Materials,
and Communications Costs.

materials, and communication costs taking up a larger percentage of expenditures than in earlier years. Once again, 1982 stands out, with overhead costs totalling 40% of total expenditures. 1985 and 1986, each with overhead at about 29.5%, are 5% to 6% higher than levels in the mid-1970's.

Personnel expenditures (Exhibit 5) show an increasing trend when unadjusted for inflation. However, as adjusted, these expenditures, which make up approximately 25% of total expenditures, show a generally decreasing trend, with 1986 second to 1982 in lowest adjusted personnel expenditure.

Overtime dollars spent have varied significantly every two or three years. Exhibit 6 shows a roller-coaster effect for the 12-year period, with peaks of nearly \$1,000,000 in 1975 to lows in 1982 and 1983 of \$149,000 and \$200,000, respectively. Certain years show significantly higher amounts of overtime. Such amounts would tend to indicate either funding of emergency projects or inadequate permanent staffing resources. Exhibit 6 shows overtime paid by year.

In summary, the most meaningful results are those on the purchasing power of the dollar when adjusted for the effects of inflation. Analysis of adjusted expenditures reveals generally decreasing purchasing power, and a decrease in funds available for non-overhead items in particular. Decreasing personnel expenditures, as adjusted, are consistent with the downward trend for total expenditures. Overtime expenditures show no trend whatsoever, which suggests a need for improved planning and budgeting of staffing requirements.

CRITICAL PERFORMANCE MEASURES

General Absence of Meaningful Measures

With regard to the Public Works Department overall, it is the opinion of the Committee that due to the budget impact of increases in semi-fixed costs to the Department (electricity, salaries, rubbish collection and disposal, and contractual services), the Department's resources have been aimed at providing basic services and monitoring the performance in the most rudimentary forms. Performance has been measured against resources rather than through objective measurement of overall service provided. An example would be that the collection of rubbish is measured by tons collected and costs rather than by collection reliability (loads left uncollected). As the total refuse collected may change from period to period, tons collected is not necessarily an accurate measure of efficiency.

The Highway Division records performance by use of weekly activity sheets and enters daily data into a computer as a reference record. To date this system does not allow for summary reports or analysis of data. This system measures results but has not established operating standards.

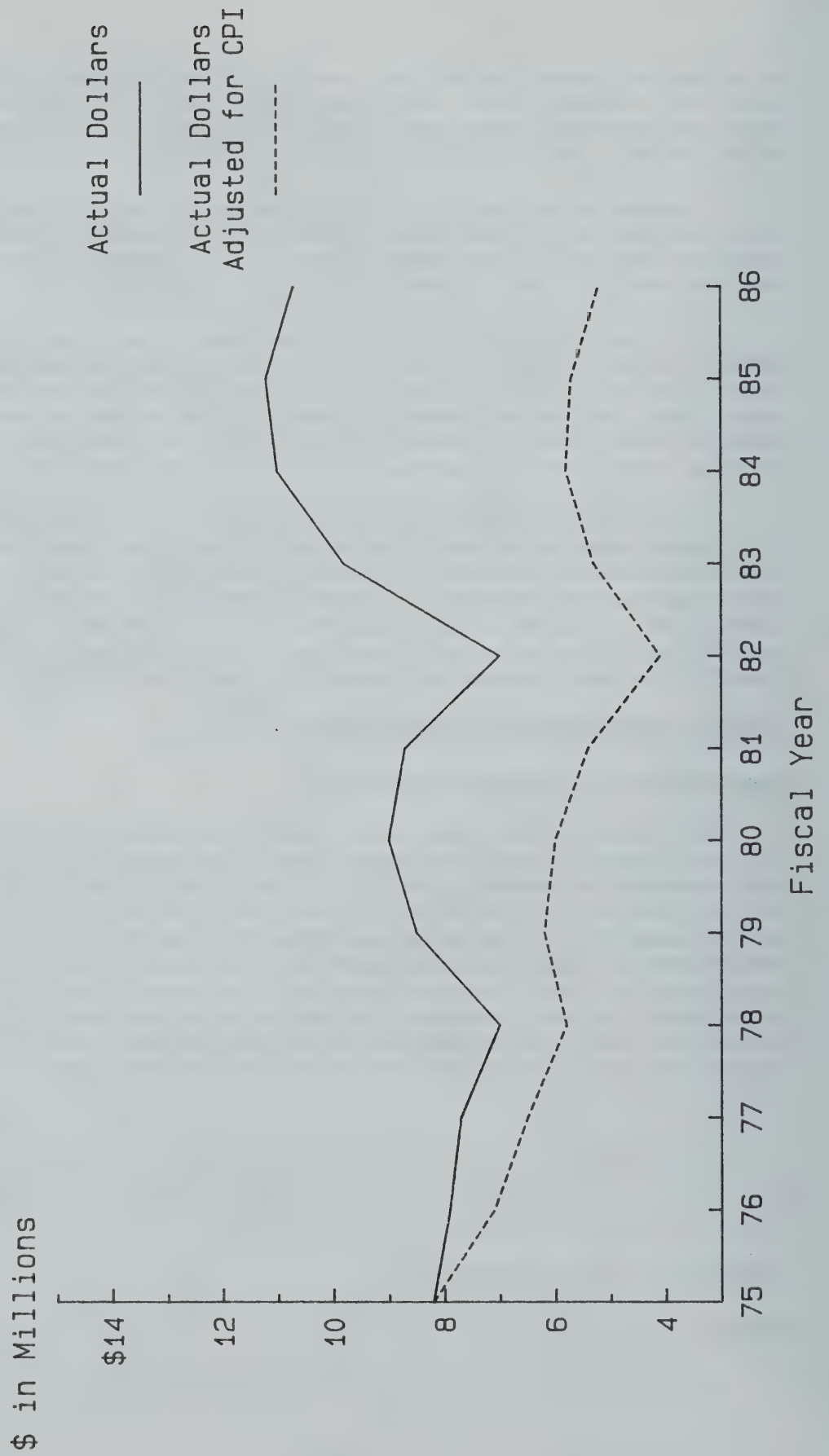
ASSESSMENT OF PERFORMANCE

General Performance

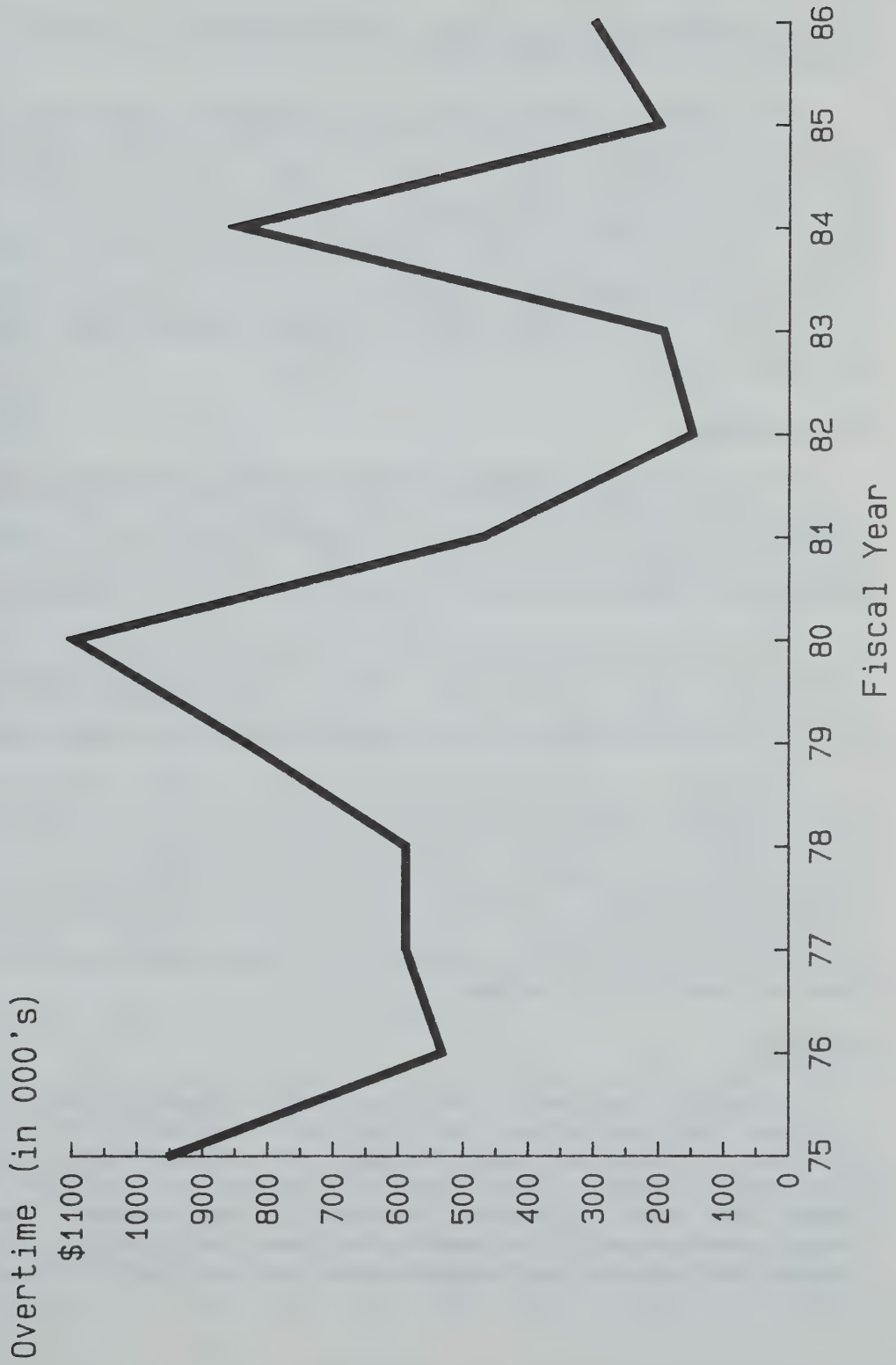
Lacking detailed review data with which to judge performance, the Mayor's

EXHIBIT 5

PUBLIC WORKS DEPARTMENT
Personnel Expenditures, FY75 - FY86
(\$ in Millions)



PUBLIC WORKS DEPARTMENT
Overtime Expenses, FY75 - FY86
(\$000's)



Management Review Committee can present only a general summary of its perceptions of the Department's performance. First, contracting of services in several areas appears to have resulted in higher quality, more reliable, somewhat more expensive services. In particular, this is the case with the Sanitation Division's rubbish collection and disposal. The servicing of litter baskets and the clean-up at Haymarket, which remain in-house responsibilities, continue to cause problems because of a lack of effective service.

The Engineering Division offers a consistent quality of services, significant components of which are contracted.

The Highway Division requires added programs, budget and personnel to improve performance. Construction efforts have grown based upon increasing bond issues. This area can be expected to grow as the infrastructure ages and the effects of the tremendous building boom of the last ten years force improvements. Repair and maintenance systems are in need of a program of improvements and then a more detailed performance review. For example, limited personnel, equipment, budget, and lack of political support for posting, ticketing, and towing resulted in deterioration of the street cleaning program. It was not until Fall, 1985 that any effort was made to reinstate a systematic cleaning program.

Street Lighting

The Department's performance has been superior in the area of street light maintenance and installation. Currently, approximately 24,000 of the City's 52,000 street lights are owned and maintained by the City. The remainder are owned and maintained by Boston Edison. The City currently is adding approximately 1,800 street lights per year under a five-year capital program.

The City-owned lights have proven operating and maintenance costs of only a fraction of the cost of lights owned and maintained by Boston Edison. Maintenance costs to the City of an Edison light are \$270 a year, while City-owned lights cost an estimated \$35 a year, according to the Department.

In addition, the City-owned lights are more attractive and modern in design and have been engineered to allow for easy maintenance and replacement in as little as 30 minutes. Edison lights, in contrast, require a 7-hour replacement period. The City is charged for Edison-owned lights regardless of whether the lights are operational. The Edison lights are operated by light sensors and can only be turned on at night. City-owned lights, in contrast, can be activated manually and thus are subject to inspection during daylight, which eliminates the need for a costly night-time maintenance crew.

Summary

In general, managers of the Department are aware of where services are being provided, how complaints are being handled and where quality of personnel is weak. A tracking system for handling of complaints rests in the Office of Neighborhood Services, which takes calls, refers them to Public Works, and checks back with a reminder if resolution is not reported. More specific inspection and reporting mechanisms have been planned as part of the current "Clean City Campaign" which is reviewed in some detail later in this chapter.

Key issues facing the management of the Public Works Department include:

- Long-standing disregard from the citizenry regarding the need to assist government efforts to maintain a clean City;
- Continuing evaluation of in-house vs. contract services;
- Difficulty in recruiting, hiring and training of quality personnel, and a concomitant extremely high turnover rate;
- Motivating the Department's civil service employees to improve their productivity relative to the cleaning of streets;
- Lack of structural and financial support for a strong management team in the Department;
- Implementation of special initiatives and clean-up campaigns in light of overall budget restrictions; and
- A need to support the divisions with computer facilities and training.

PERFORMANCE REVIEW: SPECIAL FOCUS ON STREET CLEANING

In reviewing the performance of the Department, the Committee focused specifically on street cleaning. This special focus is not an indication that the Committee considers other Departmental responsibilities, such as pothole repair, less important or less worthy of thorough review.

Street Cleaning Measures

The components of an effective street cleaning program include:

- Collection Reliability;
- Reinforcement for Pick-up of Large Items;
- Efficient Disposal;
- Parking Restrictions, Ticketing and Towing;
- Placement and Servicing of Litter Baskets;
- Clear Private Responsibility for Sidewalks, Vacant Lots, and Commercial Trash; and
- Proper Mix of Mechanical Sweeping and Manual Cleaners.

The City of Boston is in critical need of improvement in all areas listed here. In most Boston neighborhoods, street cleaning is provided on a "curb available" basis without any posting, ticketing, or towing to assure access to the curb. Downtown and the squares are swept daily overnight when little street parking occurs.

Recent efforts of the Office of Neighborhood Services in cooperation with the Public Works, Traffic and Parking, and Police Departments represent a first step toward providing responsible service to the community.

The "Clean City Campaign, Neighborhood Street Sweeping Program" was introduced by Mayor Flynn in Fall, 1985 and is designed to provide effective street sweeping services in portions of six neighborhoods, twice a month from August 1 to December 1 (Exhibit 7). Key elements of the program include:

- Public education;
- Initial warning system;
- Posting, ticketing and towing;
- Use of City sweepers (6 or 8 of which are usually working) and contracted sweepers (13);
- A Truck behind each sweeper; and
- An Inspector with every sweeper to keep records of compliance and performance (e.g., number of cars on the street, time of arrival and departure of sweeper, tons of trash picked up).

The Office of Neighborhood Services estimates that over the three month start-up period for the program, some of the most challenging neighborhoods have gone from 60% to 95% compliance with parking restrictions once a commitment to cleaning service was demonstrated.

In the future, a program of this sort should be expanded to serve the whole City. It has been proposed that eighteen neighborhoods be added to the program in April 1986, and plans call for full City coverage in 3 years. Downtown street cleaning is provided by City sweepers between 3:00 a.m. and 5:00 a.m. daily and requires greater attention and review in the future. Companion programs to provide and service more litter baskets, assign teams of manual sweepers to appropriate areas and expand the trash and sanitation enforcement program (Exhibit 8) are essential to a clean city program. The components of political support, community commitment, interdepartmental cooperation, manpower and equipment will be very important in achieving these goals.

Other Cities: Models For Performance and Performance Review

Much can be learned from a review of other major U.S. cities which have faced the problem of street cleaning and found efficient and effective methods of performance and performance review. A review of the public works literature on this subject, contact with the American Public Works Association (APWA), and interviews with personnel in various cities have produced models in San Francisco, Chicago, New York, Seattle, Detroit, Cambridge and Baltimore. A

- Existing Neighborhoods
- Proposed Neighborhoods

Clean City Campaign Neighborhoods

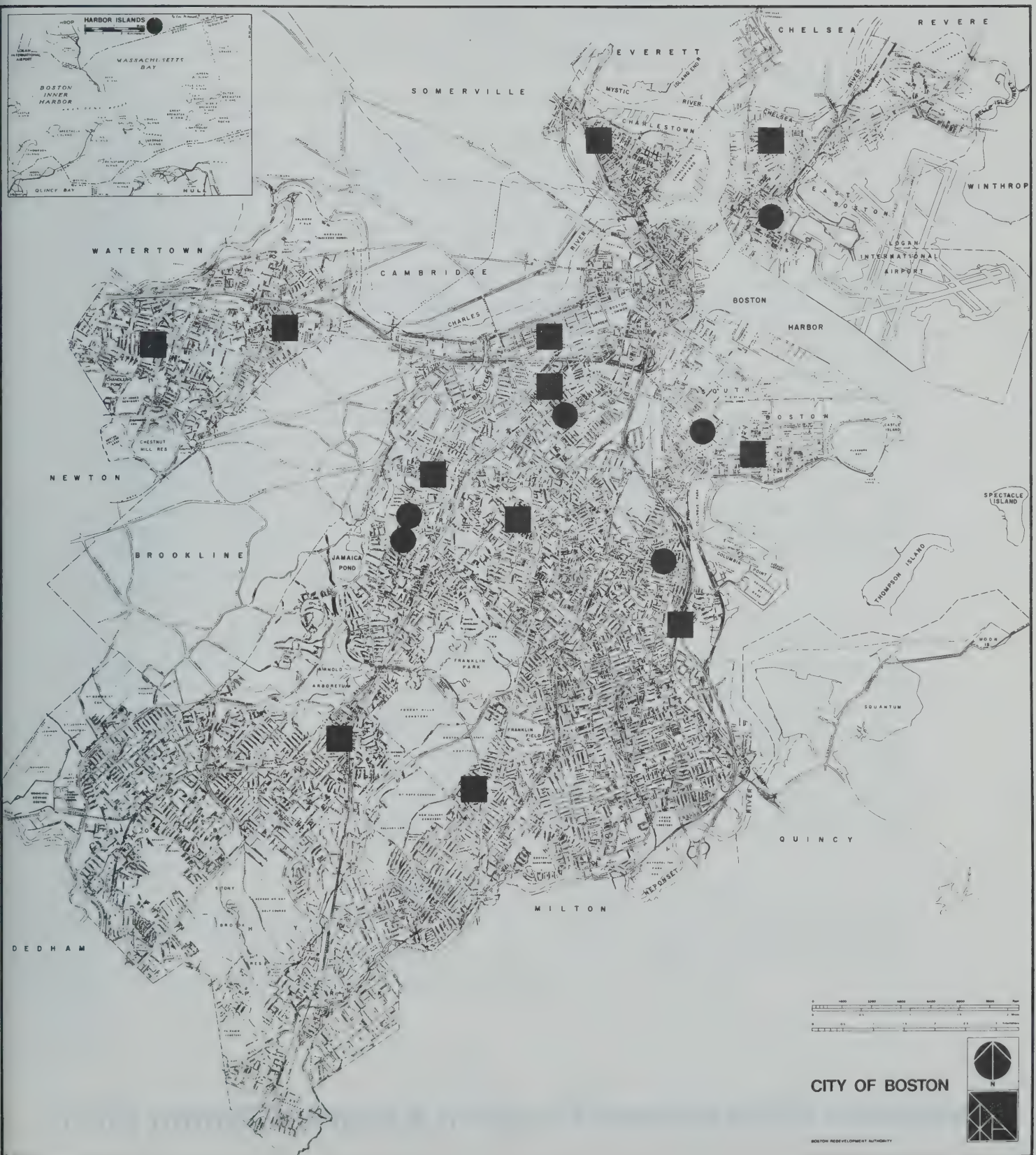


EXHIBIT 8

VIOLATION A 08015

Name of Violator:	
Street:	
City/Town:	Zip:

Violation Date:	Time:
Location:	

- | | | | |
|--------------------------|----|--|---------|
| <input type="checkbox"/> | 01 | Allowing Animal to Foul | \$15.00 |
| <input type="checkbox"/> | 02 | Littering | \$25.00 |
| <input type="checkbox"/> | 03 | Trash or Refuse Disposal without Permit | \$50.00 |
| <input type="checkbox"/> | 04 | Improper Storage of Trash | \$50.00 |
| <input type="checkbox"/> | 05 | Failure to Remove Trash from Sidewalk | \$25.00 |
| <input type="checkbox"/> | 06 | Failure to Cut Grass | \$15.00 |
| <input type="checkbox"/> | 07 | Illegal Posting of Signs | \$20.00 |
| <input type="checkbox"/> | 08 | Early Disposal of Trash | \$25.00 |
| <input type="checkbox"/> | 09 | Distributing Advertising Materials without D.P.W. Permit | \$15.00 |
| <input type="checkbox"/> | 10 | Disposal of Trash on Vacant Lot | \$50.00 |
| <input type="checkbox"/> | 11 | Failure to Remove Snow | \$25.00 |
| <input type="checkbox"/> | 12 | Other | \$25.00 |

Comments: _____

See reverse side for additional information.

Officer:	Badge:	Dept.:
Name of Court Housing Court Department, City of Boston Division		
Signature of recipient of violation (optional):		
<p>Failure to obey this notice within 21 days of date of this may constitute a criminal offense. Violation notices properly returned shall be deemed to have been received. For more information, please contact the City of Boston Department of Public Works, Office of the Chief, Housing Court Department, City of Boston, 100 State Street, Boston, MA 02109, or call (617) 624-4000. For more information, please contact the City of Boston Department of Public Works, Office of the Chief, Housing Court Department, City of Boston, 100 State Street, Boston, MA 02109, or call (617) 624-4000.</p>		

OFFENDER

Sanitation Enforcement Program Sample Citation Form

summary of information gathered is provided in Exhibit 9. This exhibit includes facts about each city, key components of the street cleaning program, enforcement methods and a note on evaluation programs.

- Evaluate operational procedures, such as routings, equipment and mix of manual/mechanic sweeping;
- Increase emphasis on street maintenance;
- Enforce parking restrictions, etc.;
- Institute an evaluation program; and
- Agree on a reasonable schedule for the Clean City Program.

Other Operating Procedures. Much has been written in trade publications on the improved efficiency of street cleaning operations, citing specific methods of operation and equipment employed by cities across the U.S. Most cities use predetermined routing for sweeping. Routes tend to be between 15 and 25 miles long, and parking restrictions are used to clear those routes. Public Works spokespeople from Cambridge and San Francisco emphasize that enforced parking restrictions and ticketing contribute strongly to their cities' street sweeping success. Other helpful practices include San Francisco's use of manual sweepers for areas inaccessible by machines, public relations programs to educate the public, and the flushing of streets with high pressure water. Tools to improve street cleaning efficiency include vacuum sweepers, regenerative air movement sweepers which reduce costs for parts and reduce downtime, and modular trucks. Elgin sweepers as employed in Boston are still considered reliable, heavy duty sweepers.

Street Maintenance. Just as sweeping contributes to the appearance of city streets, so does street maintenance. Baltimore uses a comprehensive evaluation and information program to keep up-to-date on the condition of its streets. The streets have been inventoried for type and condition, and inspection reports inform the city which streets need work. Repair information is recorded, and reports detail the history and status of the streets. In addition, to encourage the public to become involved in street maintenance, each year citizens of Baltimore are given the chance to buy a specific pothole (which the city repairs) for a contribution. In return, the citizen gets a valentine, and in some years, dolls or stuffed animals.

Enforcement. Cooperative efforts by Public Works, Traffic and Parking, Police, and eventually Parks and Recreation should provide coordinated services and enforcement. Coordination, as presently provided by the Office of Neighborhood Services or by others, is essential.

EXHIBIT 9

STREET CLEANING CHARACTERISTICS SUMMARY
Mayor's Management Review Committee

	San Francisco	Chicago	New York	Seattle	Detroit	Cambridge	Baltimore	Boston
Population	750,000	3,005,000	7,164,800	490,000	1,200,000	95,000	786,800	569,485
Street Miles	850	Arterials: 3,676 Residential: 1,256 Total: 4,932	6,000	Arterials: 450 Residential: 1,202 Total: 1,652	Arterials: 171 Collectors: 574 Residential: 1,916 Total: 2,601	145	5,700	784
Budget	\$10,000,000	\$7,801,915	\$268,000,000*	\$ 785,000	\$3,172,223	\$ 630,560	\$7,010,000	\$39,600,000**
\$/Mile	\$11,764	\$1,581		\$475	\$1,082	\$4,348	\$1,229	
\$/Thousand Persons	\$13,333	\$2,596		\$1,602	\$2,347	\$6,637	\$8,910	
Approach/ Route Type/ Route Length	City Service; Predetermined Routes, 20-25 mi.	City Service; Predetermined Routes	City Service; 59 Districts	City Service; Some Predeter- mined Routes, Others by Grid, 20 mi.	City Service; Predetermined Routes, 15 mi.	Contract Service	City Service; Predetermined Routes	City Service and Contract; Predetermined Routes, 25 mi.
Policy Based on # Sweeps or Standard of Cleanliness	# Sweeps, Standard	# Sweeps	Standard	# Sweeps	# Sweeps, Standard	# Sweeps	N/A	# Sweeps with Visual Inspection
Enforcement	Parking Restriction, Ticketing	Parking Restriction, Ticketing Towing	Parking Restriction, Ticketing Towing	Parking Restriction, Ticketing	Parking Restriction, Ticketing	Parking Restriction, Towing	Parking Restriction, Towing	Parking Restriction, Towing in Trial Areas
Frequency of Sweeping	1 x/week	High Volume: 2 x/week Other: Bi-Monthly	1-3 x/week According to Scorecard 2,000 mi: 1 x/week 2,200 mi: 2 x/week 1,400 mi: 3 x/week	High Volume: 1 x/week Residential: 4 x/year	High Volume: Daily - 2 x/month Low Volume: 1 x/month	1 x/month	1 x/month	High Volume: 1 x/day Residential: 1 x/week
Manual Cleaners	92	40	357	27	11	12	130	100
Litter Baskets Emptied	2,000 Baskets 6 x/week	Daily	High Volume: 2 x/day Low Volume: 1-2 x/week	Daily - 2, 3 x/week	6 x/week	Daily	Daily - 2 x/week	1,500 Baskets Emptied as Needed Depending on Area
Equipment	Sweepers: 36 Flushers: 4 Packers: 10 Pick-Ups: 50	Sweepers: 55 Loaders: 13 Trucks: 20	Sweepers: 550 Haulsters: 357 Flushers: 30	Sweepers: 10 Flushers: 2 Loaders: 2 Trucks: 2	Sweepers: 14 Vaccuums: 20 Flushers: 8 Loaders: 4 Trucks: 14	Sweepers: 2 City Trucks: 2		Sweepers: 21 (13 Contracted) Flushers: 1 Front-End: 18 Cushmans, Ten Wheelers
Evaluation	Univ. of Cal. Inspections Based on Trained Cri- teria for Cleanliness		Project Score- card Inspec- tions Judged Against Base Photos	None	N/A	Respond to Complaints	Supervisor Inspection, Respond to Complaints	Visual Inspections

* Figure represents total Sanitation budget. Sweeping budget is unavailable.

** Figure represents total Public Works budget. Sweeping budget is unavailable.

Evaluation Program. Street maintenance and street cleaning operations can be successfully performed in different manners by different cities. However, in each well-reputed city, there is at least a casual inspection and evaluation process. An accurate evaluation procedure provides information for scheduling work, targeting problem areas, and developing a history of performance with which to compare current efforts.

Among the American cities with noted reputations for clean streets are New York and San Francisco. Both of these cities have evaluation programs where observers rate city streets according to a predetermined index. Project Scorecard was developed in New York City to measure the cleanliness of streets and sidewalks. Through this program, the degree of surface litter is rated by comparing actual conditions to predetermined photographic standards by trained, non-departmental evaluation teams. Based upon specific local standards, seven photographs showing increasingly dirty streets are assigned numerical values of 1.0 (cleanest), 1.2, 1.5, 1.8, 2.0, 2.5 and 3.0 (dirtiest), with ratings of 1.5 and lower considered acceptable. Teams are sent daily to evaluate statistically selected routes. The results are entered in a database and allow the City to indentify problem areas. The cost for performance review efforts in New York is estimated at approximately \$400,000, or .15% of the Sanitation Department's budget.

San Francisco contracts out to the Department of Geography of the University of California at San Francisco for weekly or bi-weekly evaluations. Graduate students are trained to rate randomly selected streets. The students rate both street areas (the City's responsibility) and sidewalk areas (property owners' responsibility). "Hot Spots" are reported to supervisors, and all the data is entered into a database.

Cambridge, a smaller city noted for its clean streets and an increase in productivity in the 1970's, contracts for sweeping service from a local company. The contractor is supervised and monitored by foremen and by the Public Works Director. Inspections and judgments are recorded without specific evaluation standards. Complaints usually come to the Director, who notifies the foreman to take care of the problem.

Boston, between 1980 and 1984, surveyed citizens directly to rate street conditions four times a year. A City-wide standard was established with the initial survey and the Commissioner was then measured on his ability to bring sub-standard areas up to acceptable levels of cleanliness.

The American Public Works Association (APWA) also recommends a Photometric Index as an evaluation method to provide an impersonal means of measuring litter by departmental personnel. This method entails photographing a sample representative area of the city for a base, measuring the scatter of litter, and photographing the same area monthly.

Project Score Card Base Rating Slides



1.0



1.2



1.5



1.8



2.0



2.5



3.0

The monthly photographs are compared with the base pictures to determine if cleanliness is increasing or decreasing. This method can require less than one day of work a month after the sample area is agreed upon and the base pictures are created.

In addition to inspection efforts, there is some basic information which should be recorded to help evaluate street cleaning programs. This includes data on area cleaned, mileage, time to clean, down-time for equipment, weight and volume of collected material, money spent per capita, money spent per curb-mile cleaned, and money spent per cubic yard of debris. These measurements help track the level of efficiency in a system.

It is critical that the City of Boston take action simultaneously on two fronts. First, to expand the current efforts to a City-wide program of effective street cleaning, public education and enforcement and, second, to design and implement a performance review procedure to parallel and chronicle the growth of the program.

RECOMMENDATIONS

The Committee's specific recommendations are:

- Boston should institute a systematic, reliable and respected system of performance review which is initiated immediately and grows with the realization of a City-wide program. There are two major components of such a review: departmental record keeping and independent evaluation;
- Departmental record keeping should be improved to keep track of the basic components of the street cleaning program -- area cleaned, mileage, scheduling, weight and volume collected, equipment maintenance, and costs -- in a manner which provides periodic summaries and analysis of data; and
- The independent evaluation should be instituted by non-Departmental personnel, perhaps in an office of performance review within the City's Office of Budget and Program Evaluation. Budgets should be limited and appropriate to the level of service planned. However, Boston deserves to have a reliable report card on progress and performance. The program should be designed not only to report but to provide timely data to Departmental managers who can adjust personnel, scheduling, and contracts to achieve better performance. A survey of current practice suggests institution of a Project Scorecard adjusted for Boston conditions and standards. It should measure independent contractors and in-house services alike, according to established standards.

XVI. SCHOOLS

SCHOOLS

Employees: 8,317

Appropriations:	FY84	\$ 245,000,000
	FY85	259,600,943
	FY86	270,157,658

(The budget figures exclude external grants that now total about \$34,000,000. The total School budget is approximately \$300,000,000.)

Mission: Provide quality instruction to children of all economic, social and ethnic backgrounds, with equal attention to bilingual and special needs students.

OVERVIEW

There are no clear lines of accountability between the School Department and the City. The players include the Superintendent, the School Committee, the Mayor, and the City Council. Beyond the immediate players, there are a number of internal and external groups, unions, courts, and staff at the School Department and the City that influence the management of the schools. Because of the diversity of players and agendas, which are often in conflict, effective management and communication suffer, to the ultimate detriment of school children.

Accordingly, the Mayor's Management Review Committee might have chosen to use a systematic approach in its analysis, and tried to offer global or macro-solutions. Others have pursued this path to a dead end. This Committee deliberately chose a different path. Thus, we have chosen to focus on five discrete areas.

A micro, or functional, approach, has distinct advantages. The schools represent more than 25% of the total City budget. Therefore, the importance of seeking solutions to discrete School Department problems should not be underestimated. Moreover, solutions for a finite number of problems may have a ripple effect, thereby pointing the way to the resolution of complex systemic issues.

CRITICAL PERFORMANCE MEASURES

The five performance measurement areas chosen for review by this Committee are:

- the budget framework for regular, bilingual, and special needs education;
- facility utilization;
- utilization of teachers;
- textbooks and other instructional supplies; and
- mechanisms for implementation.

The choice of these topics should not be interpreted as underestimating the importance of other areas. Nor should the selections detract from recent achievements of the Schools: for example, the establishment of a citywide curriculum, rising attendance rates and improved test scores, the Boston Compact's success in job placement, and the impressive School-University Collaboration.

ASSESSMENT OF PERFORMANCE

Budget Framework for Regular, Bilingual, and Special Needs Education

In the past, the Boston Public Schools budget proposals have been extremely difficult to analyze. Some of the difficulties can be seen by examining the Fiscal Year 1986 (FY86) Budget Proposal, prepared by the previous Superintendent's administration. To implement effective school management, it is imperative to understand the types of programs available to students as well as the costs involved. Otherwise, it is difficult to allocate critical resources.

One intuitively suspects, and the FY86 Budget Proposal suggests, that special needs and bilingual education programs are substantially more expensive than those provided for regular students; yet, almost 80% of the students are in regular education. Analyzing the costs of bilingual and special education, though, requires figures and analysis that are either absent from the Proposal or difficult to understand.

The first necessary piece of data is a projection of total students for the three main educational programs for the year to be budgeted. The total student projection for 1986 was 55,724. Although the projections add up on one page, they do not elsewhere. The projection was 43,811 for regular education enrollments, 10,466 for special education, and 7,326 for bilingual. These add up to 61,603 projected students, or 5,879 more than the total number of enrollments projected. Part of the explanation may be related to excluding resource room special education students from the special education count, leaving only 3,783

special education students. But this leaves the question of why, when staffing needs for special education are discussed, the number reverts to 10,466. Consistent figures are needed for efficient budgeting and management. Consistent definitions are also critical to budget analysis and sound management. For instance, in several places in the budget where numbers of personnel are listed, it is difficult to know whether additional personnel provided by external grants are included or excluded. Nor does the Budget Proposal explain, in a separate section on vocational/occupational education, the relationship of those budget items to the budget for regular education. Efficient management requires knowing and explaining when a category of education is included in enrollment, staffing, and expense projections, and why decisions of inclusion or exclusion have been made.

The projected expenditures in the budget are also unclear and misleading. For example, the special education budget for FY86 is shown at \$57,984,000, or 21.4% of the total school budget. But the number of projected special education students is 10,466 or about 19% of the total number of students. This would mean that special education students do not receive a very disproportionate share of the budget. Other statistics in the Budget Proposal show that the bilingual students, projected as 13.1% of the enrollees, will only receive 5.4 to 5.6% of the total budget. It is obvious that neither the special education nor the bilingual projected budgets have been allocated a proportionate share of all the costs associated with running schools, for the real costs of these programs are much higher. But the Proposal does not tell you this. Moreover, since the Proposal does not set forth a distinct budget for the regular education program, one cannot be sure how this latter budget would compare with the other two. It is vital that the budget show the per capita costs of education for the 80% of the students who are not in special education or bilingual programs. The majority of the students may not be receiving an adequate proportion of the total budget.

In a similar vein, the budget per pupil costs, compared to those of other cities, and the per pupil expenditures converted to constant dollars, are not as helpful as they should be. It is not clear which expenditures are attributable to which of the three major educational programs, and therefore it is difficult to make meaningful intra-system comparisons, or comparisons with other systems within or outside Massachusetts. Without clear data on each program, one cannot be certain that non-essentials have been eliminated and critical needs met. Clear data allow more accurate and appropriate response to incremental budget requests.

In fact, it appears that special education and bilingual education are substantially more expensive on a per pupil basis than regular education, thereby taking a vastly disproportionate share of the budget. The Citywide Educational Coalition (CWEK) has computed per capita expenditures for each program, allocating all expenses and taking into account the fact that special education students, except those who are placed out of the system, spend a proportion of time in regular education or use regular education resources. The following CWEK Exhibit shows the per student costs of regular, bilingual, and special education.

EXHIBIT 1

BPS: Per Pupil Costs 1985-86

<u>Type of student</u>	<u>Regular Ed.</u>	<u>Bilingual</u>	<u>Special Ed. .1, .2 .3**</u>	<u>.4**</u>	<u>.5, .6**</u>
Cost of:					
Regular Education	\$ 1,808.50	\$ 516.71	\$ 1,256.28	\$ 516.71	Average tuition & admin:
Bilingual or Special Education	---	1,723.99	1,532.33	5,152.90	\$16,514.37
Transportation	236.11	236.11	236.11	1,354.53	1,322.48
Shared Costs*	<u>1,933.00</u>	<u>1,933.00</u>	<u>1,933.00</u>	<u>1,933.00</u>	<u>343.49</u>
Total per pupil	\$ 3,977.61	\$ 4,409.81	\$ 4,957.72	\$ 8,957.14	\$18,180.34
Number in BPS	38,729	7,433	6,592	3,657	983

* administration, physical plant, support staff, fixed costs, etc.

** Special Education numbers refer to degree of student's disability: .1, .2 and .3 are in regular classrooms part day and resource rooms some; .4 in "substantially separate" classroom, mainstreamed for some activities; .5 and .6 in residential or day school outside BPS.

These are important data. They show that special education costs are approximately \$83 million, or nearly 31% of the total budget, and that bilingual costs are nearly \$33 million, or 12.2% of the total. These totals are more reflective of the impact of these programs on the School Department budget. Because of the higher costs of bilingual and special education and the large number of students in these programs, it is critical that the School Department carefully monitor the movement of students in and out of these programs. The Department needs to know and publicize if there are students enrolled longer than is necessary for them to reach the expected grade levels. The needs of students legitimately in special education and bilingual programs must be satisfied, but these programs should be used as a vehicle for ultimately mainstreaming as many students as possible who can benefit from regular education.

Facility Utilization

Regardless of how efficiently a system may be allocating its resources internally, if its overall physical structure -- the number of schools in operation

-- is in disequilibrium, true management efficiency cannot be attained. The maxim that bigger schools cost less on the average is both simple and valid.

As of January 1986, the Boston public schools enroll 57,766 students in kindergarten through high school in 120 schools: 76 elementary, 22 middle, 18 high schools and 4 other schools. Despite the fact that 27 schools were closed in 1981 and another four were closed last year (3 of which were reopened), there are still thousands of vacant seats. By contrast, San Francisco, in 1983, with a student population of approximately 61,300 (about 4,000 more students than Boston) had 32 fewer schools than Boston's 126. San Francisco averaged 652 students per school compared to Boston's 454. In 1986, Cambridge, with an enrollment of 8,031 students and only 14 schools, averaged 573 students per school -- over one hundred more students per school than Boston. Similarly, Baltimore, with a total of 192 schools in 1986 and a student population of 111,624, nearly twice that of Boston's, averaged 581 students per school.

Although school utilization is measured by the ratio of the number of students to the number of available seats, this is not a simple figure to calculate. One must consider the types of programs involved before assessing the practicality of the seat count. For example, special education requires more space per student since the necessity of a low teacher/student ratio demands more classrooms.

The School Department maintains that court order capacity calculations, established as part of the desegregation case, do not adequately take into account the programmatic needs of the current students, such as necessary guidance areas, library space and space needed for special education. The School Department figures therefore show considerably fewer available seats than the court order calculations. Using the School Department's own figures and projections, however, there still appears to be considerable excess space. Exhibit 2, using the School Department's calculations, indicates that in school year 1989-90, there will be 10,115 vacant seats, giving an 85% occupancy rate. Five years later, the number of vacant seats drops to 8,010 and an 88% occupancy rate. The School Department's District High School projections are alarming (Exhibit 3). The current 1,065 vacant seats will expand to 2,742 vacancies, resulting in a 71% utilization rate.

Exhibit 4 shows the schools with the highest number of vacant seats. One elementary school is at only 55% utilization, with 359 vacant seats. Two middle schools are at 66% utilization; one has 262 vacant seats and the other 131. One magnet high school is at 68% occupancy with 521 vacant seats. The court capacity figures are even more drastic. They show an 82,650 seat capacity for approximately 57,000 students, or 31% underutilization in the entire system.

Underutilization hurts the schools for both economic and programmatic reasons. School closings and consolidation reduce the number of administrators needed for separate buildings and the amount of space requiring heat, utilities and maintenance. In some instances, consolidation permits a reduced number of teachers insofar as some classes can be combined. Moreover, as one School Department official notes, some buildings that require the most costly repairs and alteration can be eliminated. Most importantly, students in consolidated

EXHIBIT 2

SUMMARY - ALL SCHOOLS
CAPACITY/ENROLLMENT ANALYSIS

<u>District</u>			<u>Capacity</u>	<u>1989-1990 Projected Enrollment</u>	<u>1994-1995 Projected Enrollment</u>
DIST. 1	E	3120		2697	
	M	1297		1052	
	H	1220	5637	836	4585
DIST. 2	E	3481		3169	
	M	1242		1105	
	H	908	5631	661	4935
DIST. 3/4	E	6160		5727	
	M	2658		2248	
	H	2450	11268	1727	9702
DIST. 5	E	6146		5756	
	M	2284		1905	
	H	1654	10084	1174	8835
DIST. 6	E	3873		3382	
	M	1765		1384	
	H	992	6630	729	5495
DIST. 7	E	3693		3443	
	M	1149		1130	
	H	1050	5892	796	5369
DIST. 8	E	1798		1614	
	M	679		648	
	H	1160	3637	769	3031
DIST. 9	E	4808		4844	
	M	1642		1253	
	H	11540	17990	8605	14702
TOTAL	E	33079		30632	30521
	M	12716		10725	11308
	H	20974		15297	16940
			66,769	56,654	58,769

SOURCE: School Department, Unified Facilities Plan for the Boston Public Schools, March 25, 1985. "E" = elementary, "M" = middle school, and "H" = high school.

EXHIBIT 3

BOSTON DISTRICT HIGH SCHOOLS CAPACITY AND ENROLLMENT PROJECTIONS

<u>District High School</u>	<u>Capacity</u>	<u>Enrollments</u>	
		<u>1984/85</u>	<u>Projected 1989/90</u>
D1 Brighton	1,220	1,015	836
D2 Jamaica Plain	908	762	661
D3 West Roxbury	1,360	1,241	985
D4 Hyde Park	1,090	896	742
D5 Burke	684		
D5 Dorchester	970	1,496	1,174
D6 South Boston	992	963	729
D7 Charlestown	1,050	1,045	796
D8 East Boston	<u>1,160</u>	<u>951</u>	<u>769</u>
	9,434	8,369	6,692
"Plus-Utilization"		(88%)	(71%)

SOURCE: School Department, Unified Facilities Plan for the Boston Public Schools, March 25, 1985.

EXHIBIT 4

RATIO OF SCHOOL BUILDING ENROLLMENTS TO CAPACITIES

(Selected Sample)

<u>School</u>	<u>(1/85) Enrollment</u>	<u>(District)</u>	<u>Capacity</u>	<u>Seats For Additional Students</u>	<u>Utilization Ratio (%)</u>
<u>Elementary</u>					
Lee	440	(3/4)	799	359	55
Blackstone	869	(7)	1,121	252	78
Harvard-Kent	449	(7)	653	204	69
McKay	400	(9)	617	217	65
Condon	750	(6)	938	188	80
Garfield	212	(1)	399	187	53
Greenwood	450	(5)	629	179	72
Murphy	742	(5)	900	158	82
Tobin	514	(1)	662	148	78
Mather	522	(5)	665	143	78
<u>Middle</u>					
King	519	(9)	781	262	66
Thompson	368	(3/4)	530	162	69
Timilty	404	(7)	555	151	73
Edison	524	(1)	682	158	77
Shaw	259	(3/4)	390	131	66
<u>High School</u>					
Boston Technical	1,091	(9)	1,612	521	68
East Boston	951	(8)	1,160	209	82
Jamaica Plain	762	(2)	908	146	84

SOURCE: School Department, Unified Facilities Plan for the Boston Public Schools, March 25, 1985.

schools will have greater opportunity to pursue a wider range of programs. This is particularly important in high schools, where students need advanced courses to effectively compete for jobs, college admission, and scholarships.

A Superintendent Secondary Schools Facilities Advisory Task Force has examined and reported on the feasibility of school closings for middle and high schools. The Committee supports reducing school facilities in an effort to provide optimal education.

Teacher Utilization

Education is historically labor-intensive, with a large proportion of the budget allocated to teachers. With this in mind, there are aspects of the BPS budget that require explanation. In FY85 the BPS had 8,241.5 total staff positions and in FY86, 8,317.0. The numbers of teaching positions in these years were 3,676 and 4,164, respectively. This means that of the total number of personnel, 45% and 50% were teachers in those years. One must also remember that approximately 19% of the total student population consists of special education students who historically require a very low student/teacher ratio. Another way of looking at teacher utilization is to examine the portion of the budget allocated to teacher salaries. In FY84, 42% of the total budget went to teachers' salaries and in FY85 43.2% was allocated.

It is important that the Superintendent provide guidelines against which one can determine whether a sufficient proportion of the budget is reaching students through full-time teachers. In Cambridge, for instance, in 1985 there were 805 teachers out of a total 1,422 personnel, or 57%. Newton had 1,410 positions and 788 teachers, or 56%, with a significantly lower percentage of special education students than Boston. Thus, Boston's ratio of teaching to non-teaching personnel must be clearly examined.

Another way of looking at teacher utilization is how much central administration is required to support the teachers and students. As with previous data, one must be careful because different systems may have different guidelines for reporting. It appears, though, that in FY85 Boston retained a total of 260 central administrators and professional support staff for approximately 56,346 students. Of the 223 professional support staff, 155 were funded by the City; the remaining 68 were externally funded. By comparison, Oakland, California, with a similar enrollment (50,300) employed 177 such individuals. San Diego, which is considered a particularly efficient system, served a student population of 100,353 with 124 such professionals in 1984-85. This means that Boston employs 1 central office professional for every 217 students, while Oakland employs 1 such professional for every 284 students. By contrast, San Diego employs 1 such professional for every 809 students.

All together, Boston is spending \$29 million for administration of the schools in this fiscal year. That represents about 11% of the budget and almost as much as is spent for bilingual education, which serves over 7,000 students. There were a total of 697 administrators in the system as of the end of 1985, an increase of 4 administrators since the beginning of the school year.

The central office administrators are budgeted at a salary of over \$48,000 each. Another 454 school and district administrators are budgeted at salaries of over \$41,000 each. 207 more administrators are budgeted at salaries of over \$36,000. By comparison, teachers are budgeted at about \$30,000, though entering teachers will earn about \$18,000 per year. Thus, a reduction of 10 central office administrators can free up about \$480,000 which could go toward more important needs, such as instructional supplies or, if necessary, hiring as many as 26 new teachers to provide direct services to the children.

Another comparison of Boston's administrative costs was done by the former State Commissioner of Education. Commissioner Lawson's analysis concluded that Boston has the second highest cost of administration among the state's five largest school systems and spends more for administration than the state average.

It is not possible for the Committee to determine whether the School Department is over-administered or "under-teachered." Other school departments may calculate central administration professional staff and teachers differently. Moreover, different systems will reflect the impact of various factors, such as court orders, state and federal mandates, and student clientele. There may be no "right" proportion of central office administrators per teacher or per student. However, practices in other urban school systems do offer some guidance.

Textbooks and Other Instructional Supplies

Books, paper, and other instructional supplies are essential to good education. Without appropriate, up-to-date texts and other instructional materials, most subjects are virtually impossible to teach and learn successfully. Sufficient funds for instructional supplies are particularly important in Boston. Approximately sixty percent of Boston public school students are recipients of Aid for Families with Dependent Children (AFDC). It is critical that economically disadvantaged children, who cannot afford to buy instructional supplies, receive the correct supplies and receive them on time. It is especially important in the Boston schools at this moment, when a new City-wide curriculum is being implemented, that careful attention be paid to that portion of the budget allocated to the instructional supplies needed to deliver that curriculum.

There are serious deficiencies in how the Department budget defines what is included in instructional supplies, in the amount of money allocated, and in the timeliness of the delivery of those supplies.

The School Department budget contains expense code number 620, labelled "instructional supplies." This year, like last year, the expense is primarily based on a per capita allotment of \$48 for elementary school students and \$52 for those in middle and high schools. For FY86, this budgeted expense is \$3,335,194, down 11.9% from FY85, although enrollment has increased. But this figure does not show the true allocation to instructional supplies. Some items covered in the total, such as athletic uniforms, do not belong in this category, and some in other budget numbers, such as audio visual aids, do. One school official believes that

\$4 should probably be added to the per capita supplies allotment. Although it is difficult to make comparisons, since what is contained in budget numbers changes over the years, the present per capita allotment in dollars adjusted for inflation has been reduced at least 40% from what it was in 1978.

With few exceptions, such as external grants and special allocations for library purchases, the per capita instructional supply allocation is the sole money available for a large array of items. The one instructional supply budget line includes within it (without subdivision or definition) these widely diverse categories: textbooks (whether hard cover or paperback), individual school library books, work books, films, dictionaries, maps, periodicals, other educational materials, floppy disks, computer paper, chemicals and supplies for science courses, all art supplies, rental and maintenance charges for photostatic equipment, all types of paper (including office stationery), pencils, paper clips, other office supplies, stamps, memberships in organizations for coaches and principals, and new equipment, such as film projectors, overhead projectors, and typewriters.

Each individual school may spend for instructional supplies (as broadly defined in the previous paragraph) a sum not to exceed its projected number of students times the \$48 or \$52 per capita figure, depending on whether it is an elementary or secondary school. This budget item is critical to principals, because it represents the only non-salary discretionary funds in the regular school budget. Depending on the school, it appears that approximately a third to a half of the per capita figure is expended annually on textbooks, or only about \$16 to \$26 per student to cover all courses. A survey was recently conducted by the Department of elementary school teachers regarding the availability of instructional materials to teach the new curriculum objectives effectively. About a third of the respondents answered that the situation was "poor" in the science/health, social studies, and physical education subject areas.

A principal can vary the percentages spent on textbooks, other instructional materials, office supplies, equipment, and miscellaneous items, but the results remain similar: there is little money available for the educational materials that students need in order to learn. Moreover, a substantial enrollment increase over projections, as occurred in some schools this year, exacerbates the problem. The erosion of the instructional supply budget over the years is particularly important, given the high proportion of economically disadvantaged children in the Boston public schools.

It is difficult to deduce helpful comparative figures from other systems. The term "instructional supplies" has different definitions, and other budget items may be relevant. Exhibit 5 shows, however, that Springfield's per capita figure is about the same as Boston's, but is not used to cover as many items. Cambridge's per capita figure, at \$91.11 per student, and Newton's, ranging from \$77.50 for elementary students to \$101.10 for high school students, are substantially higher than Boston's. These systems also provide additional funds for items included in Boston's broadly defined "instructional supplies."

It is, of course, critical to both teachers and students that instructional supplies are available in the classroom on time. Textbooks are at the heart of

EXHIBIT 5

INSTRUCTIONAL SUPPLIES IN OTHER SYSTEMS

Cambridge Public Schools

Instructional	\$ 426,400.00
Texts	<u>292,000.00</u>
	\$ 718,400.00*

Student Population: 7,885

Method of Calculation: $\frac{\$ 718,400.00}{7,885} = \$91.11 \text{ per Student}$

*Does not include: Printing, Membership or Postage

Springfield Public Schools

Instructional	\$ 735,000.00
Texts	240,000.00
Library	4,000.00
Science	40,000.00
Fine Arts	70,000.00
Music	<u>30,000.00</u>
	\$ 1,119,000.00*

Student Population: 22,700

Method of Calculation: $\frac{\$ 1,119,000.00}{22,700} = \$49.30 \text{ per Student}$

*Does not include: Membership or Copy Machines

Newton Public Schools

Per capital by school*:	Elementary	-	\$ 77.50
	Middle	-	87.65
	High	-	101.10

*Does not include: SPED, Bilingual, Vocational, Printing or Memberships

SOURCE: Boston School Department.

But instructional supplies have often reached Boston children late. A November 25, 1985 Boston School Department internal report found "high dissatisfaction with delivery of textbooks and math and composition paper, art supplies, and certain other instructional supplies." The Report concluded that in most courses, and paper is essential to the teaching of writing and mathematics. most cases "paper supplies were not delivered to the Central supply room until the beginning of November."

The Department is trying to make certain that instructional supplies arrive on time in the future. Several factors may have contributed to the tardiness. Burdensome City contract procedures are one cause. Another relates to the timing of the fiscal year. Notwithstanding the fact that a substantial portion of the school budget (\$224.5 million) is protected by law, the Auditor may not be legally able to authorize contracts in time to achieve all shipments by September 1. Also, previous failures of the Department to have personnel on hand to receive shipments, and previous delayed payments by the City, cause some suppliers to ship late.

Instructional supply problems may have multiplied because, unlike other budgetary items, such as teacher and administrative salaries, this one lacks a vocal constituency. The problems fall into four categories. First, the amounts allocated do not appear to be based on a determined amount of need. As one School Department administrator suggests, the per capita figures are determined "ex cathedra," "pulled out of the air." Second, "instructional supplies" is so broad a category that it inhibits careful analysis, such as what books and new equipment are essential. Third, since this budget item permits the largest amount of non-personnel budget discretion for each principal, there is enormous pressure to use the account for items other than providing textbooks, paper, and other supplies directly for students. Fourth, there are administrative and procedural obstacles that impede timely delivery.

RECOMMENDATIONS

The Committee recommends the following:

- The Department should prepare separate budgets for regular, special, and bilingual education, and carefully explain the allocation procedures;
- The Department should monitor the entrance and exit from special programs, and document the results over time;
- The Department should close buildings in order to achieve efficiencies of both cost and program;
- Notwithstanding current Court orders, the Department should re-examine the present number of Districts and assignment patterns. It may be possible to enhance racial integration and improve educational opportunity with fewer districts and more flexible assignments;

- The Department should develop guidelines for regular, special, and bilingual education and for elementary, middle, and high schools for determining what percentage of the total budget and personnel should be allocated for full time teachers, central administration, and other professional staff;
- The Department should ascertain, and provide the rationale for, which in-state and out-of-state public school systems should be used for comparative purposes;
- The Department should decide what is in fact needed, based on rational assumptions, for books and other instructional supplies, and put that in the budget. Different line items are probably needed for different types of supplies, for equipment, and for discretionary funds to meet programs unique to each school. It is important that sufficient funds be allocated to meet instructional supply needs, including those required to deliver the new City-wide curriculum;
- Textbooks, paper, and other instructional supplies must arrive on time. Solutions must be found for the technical problems involved with contract approvals, payment, and related questions. If there are legal reasons why supplies cannot be ordered and delivered on time, then legislation should be introduced and passed to eliminate the obstacles; and
- The Department should study comprehensively its administrative costs and give serious consideration to reducing the administrative burden before decisions about next year's programs are made.

Mechanisms for Implementation of Recommendations

In order for many of the proposals in this report to take place, two requisites must be met. First, since these are management proposals, one must focus on the actual capacity of a manager to manage. The continued success of the establishment of a City-wide curriculum, rising attendance rates, and improved test scores, as well as new initiatives, such as additional school consolidation and the reduction of administrative costs, is dependent upon all of the actors directing their energies toward enhancing strong management. Strong School Department leadership should be encouraged and supported.

Second, the players must join together on mutual agendas in order to reach compatible goals on specific items. Initiatives discussed in this report, such as closing schools, establishing standards for measuring the appropriate numbers of teachers and administrators, and developing procedures to insure the timely delivery of instructional supplies, require coordination by multiple players. This will necessitate the development, over time, of processes to exchange ideas and information in meaningful ways. No outside committee can mandate how the major participants should develop these linkages, but failure to do so precludes management efficiency and educational excellence.

XVII. TRAFFIC & PARKING

TRAFFIC AND PARKING

Number of Employees: 297

Appropriations:	FY84	\$13,139,446
	FY85	12,739,446
	FY86	12,612,052

Mission: Maintain the efficient flow of surface and pedestrian traffic throughout the City and insure the cooperation between Boston neighborhood residents, businesses, and various transportation-related authorities on any and all matters affecting traffic.

OVERVIEW

The Traffic and Parking Department of the City of Boston is charged with monitoring and regulating the traffic and parking for approximately 787 miles of roadway and 3,275 streets. This task is formidable since Boston's residential population has increased to 620,892 from 562,994 in 1980. The City also provides jobs for over half a million people who commute and sustains an influx of over five million tourists annually.

The total budget for the Traffic and Parking Department in Fiscal Year 1986 (FY85) is \$12,612,052, which is divided between traffic functions and the Office of the Parking Clerk. The budget for the Traffic and Parking Department represents 2.9% of the total City budget.

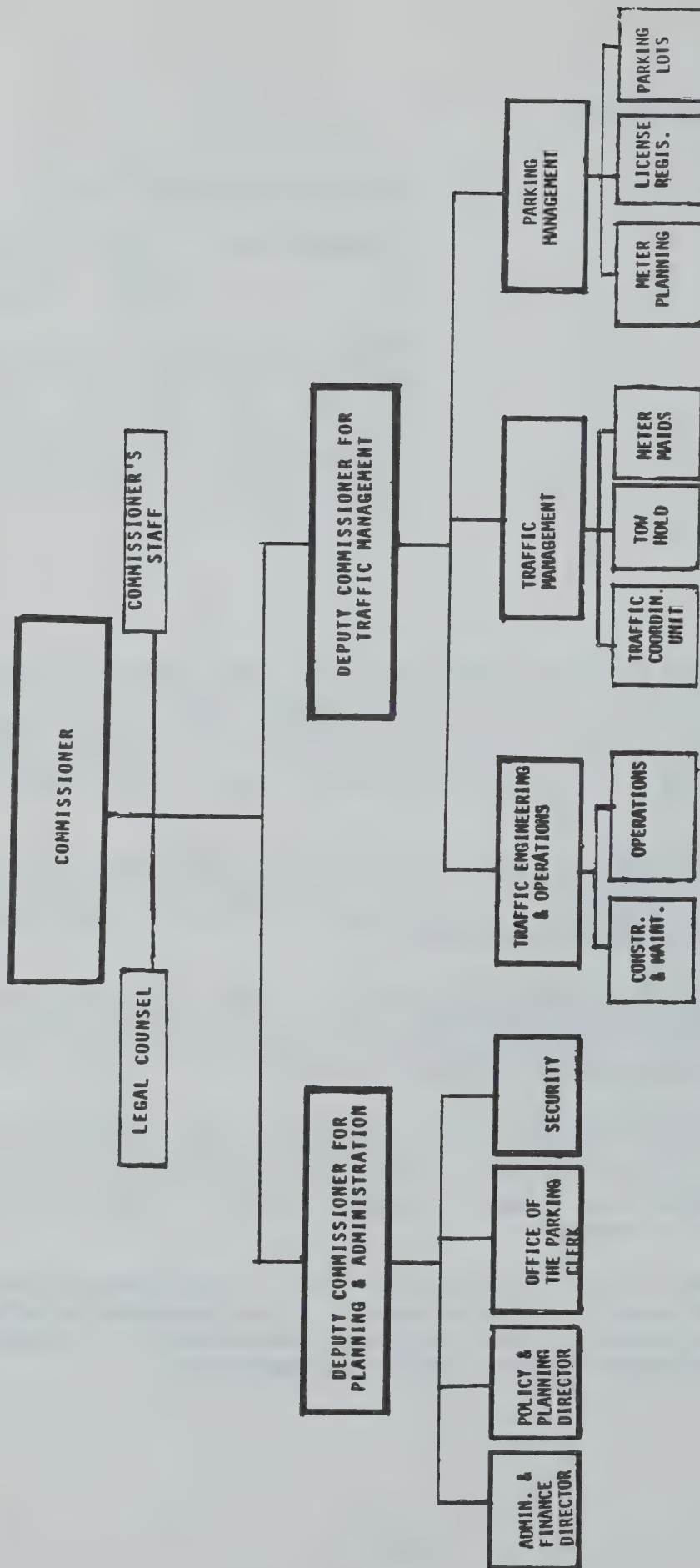
The Department employs 297 people in its seven divisions: Policy and Planning, Administration and Finance, Office of the Parking Clerk, Traffic Management, Parking Management, Operations, and Security. (See Exhibit 1). Division heads currently report to the Commissioner.

The Policy and Planning Division coordinates City and regional planning on behalf of the City. The Director of Planning is the Chairperson of the Joint Regional Transportation Committee (JRTC) which is the advisory committee to the Massachusetts Policy Organization (MPO). The Division assists in reviewing plans for street improvements.

The Administration and Finance Division is responsible for personnel, budget and purchasing for the Department. It is also responsible for office and operational procedures in effect within the Department. It oversees the Management Information Systems (MIS) for the Department.

EXHIBIT 1

TRAFFIC AND PARKING DEPARTMENT



The Office of the Parking Clerk is charged with overseeing all adjudicatory procedures associated with parking ticket fines and collections. This includes oversight of a sophisticated data bank and computerized collections system, the vehicle lessee identification system, as well as Boot & Tow and resident sticker releases.

The Traffic Management Division is responsible for signal and intersection planning, construction-street management and issuance of parade and special event permits as well as regulation and approval of the operation of signals and signing. The Director of Traffic Management is the designee to the City's Public Improvements Commission (PIC) which determines the improvement of streets, discontinuance of streets, and street modification.

The Division of Parking Management is responsible for direction of the City's parking officers, the issuance of parking violations, the booting and towing program and resident parking violations, and parking permit issuance programs. In addition, the Parking Division is responsible for licensing of private, open air parking lots within federally imposed parking freeze guidelines. The Division plans the location of new meters and determines parking regulations governing taxi stands, loading zones and bus stops.

The Operations Division is charged with overseeing the maintenance and repair of signals, meters and signs as well as vehicle maintenance for the Department. The Security Division is responsible for preventative security and special assignments.

Current Workload

Through a staff of parking officers, the Department is responsible for enforcing 42 existing regulations for parking control in downtown and neighborhood areas, including loading zones, cross walks, resident permit parking, bus stops, handicapped parking zones and metered parking. In this capacity the Traffic and Parking Department generated \$23 million in revenue for Boston in FY84 from parking tickets. (Boot & Tow accounts for 11% of ticket revenues.) Parking meters generated \$6.15 million in FY84. The Department is responsible for enforcing the City's downtown parking freeze, imposed by the federal Environmental Protection Agency in 1973. In addition, it licenses and regulates off-street, open air parking lots.

The Department regulates and issues various street occupancy permits (including over 200 annual block-party, parade and special event permits) and residential parking permits. It maintains an estimated 101,600 traffic signs (not including 2,100 stop signs); approximately 4,200 traffic signals at 700 signalized intersections; and road markings as well as parking meter maintenance and the Resident Parking Program. Twelve neighborhoods currently participate in the Resident Parking Program, with four additional neighborhoods in planning stages. Over 16,653 resident parking permits were issued in FY84.

The Department maintains 130 vehicles for which it has primary inspection and maintenance responsibility.

The Traffic and Parking Department, through its Commissioner, has historically participated in transportation planning for the City of Boston. The Commissioner sits as the Mayor's designee to the Massachusetts Bay Transportation Authority (MBTA) Advisory Board. However, the Department does not have complete jurisdiction over transportation management, which is splintered among state agencies and other City departments.

CRITICAL PERFORMANCE MEASURES

Critical performance measurements for the Department should be applied to three key areas: parking revenue and enforcement, traffic management, and operations and maintenance of signs and signals. While these areas can be subjected to performance analysis, this alone does not set forth the full scope of management imperatives for the Department. However, these performance areas merit a brief review. Because the scope of Boston's transportation management is so broad, this performance review is confined to the Department's management of traffic and parking within downtown Boston and purposely does not attempt to address a variety of neighborhood and regional issues.

ASSESSMENT OF PERFORMANCE

Parking Revenue and Enforcement

The City has only recently assumed both the responsibility for and the revenue derived from parking enforcement. The relative newness of the parking programs makes it difficult to assess them by a performance measurement. Prior to FY81, the Suffolk County Courts collected parking fines which did not appear as City departmental revenue. In the years FY81 to FY83, the process was transferred to the City Parking Department, and small amounts of revenue were registered as county receipts during this time period. In addition, State legislation allowing the City to flag an estimate by ticket scofflaws' licenses and registration to spur collections has resulted in an estimate by the City that 60% of the tickets issued annually are being paid.

The City has expanded the resident parking program which reserves parking spaces for neighborhood residents and includes 30,257 permit recipients within the City. Neighborhoods under further study to participate in the resident parking program are areas of South Boston, Mission Hill, Dorchester and Allston-Brighton.

Traffic Management

The City has taken a variety of steps to improve traffic management. First and foremost, the City has reorganized the Traffic and Parking Department to consolidate various departments and to reduce response time to neighborhood and business complaints.

In addition, the Department has coordinated an enforcement program with the Police Department called Selective Traffic Enforcement Plan (STEP)

designed to combat routine violations of traffic regulations in the City. This program includes aggressive towing and traffic enforcement aimed at reasserting existing traffic regulations within the downtown area.

Maintenance and Operations of Signs and Signals

According to Boston's FY85 Annual Traffic and Parking Report, the City has instituted several programs to improve its record for maintaining and repairing signs, street signals, and parking meters within its jurisdiction. In FY85, 31% of traffic signal equipment received preventative maintenance attention as opposed to 3% during FY84. 11,479 signs were replaced in FY85, representing a 33% increase over the number completed in FY84. In addition, the security of the City's 8,700 parking meters was upgraded in response to concern about meter tampering. 40% of this inventory received preventative maintenance.

The Department initiated a Neighborhood Maintenance Van (a "sign shop on wheels") which can make street and directional signs on-site.

The Department installed computers and trained personnel to enter data on sign and signal locations and maintenance histories to permit the Department to anticipate and more effectively respond to traffic signal repair. The signal computerization program affects 282 key intersections with computerized timing for adjustment at peak hour needs.

The Jurisdictional Dilemma

Jurisdictional issues dominated every interview regarding the performance of the Department. Interviews and collected data indicate that the fundamental impediment to effective transportation management within the City remains the institutional fragmentation in City transportation responsibilities. In the Mayor's 1984 transition study and in every major traffic report produced since the early 1980's, institutional fragmentation is cited as the primary impediment to a long-term solution to Boston's downtown traffic gridlock.

Despite positive efforts to reorganize management and to bring a system of accountability to the existing Department, institutional fragmentation continues to significantly impair the City's ability to effectively manage its day-to-day traffic responsibilities.

The problem of Boston traffic management is illustrated by recent traffic difficulties in the Dewey Square/South Station area -- an area cited in the Administration's report "Transportation: A Framework for Improved Access" as an intersection requiring more effective traffic management.

Interviewees from the City, State and private sector expressed frustration at the current problems for pedestrian and vehicular access near Dewey Square. A business contacted the MBTA regarding the impact of reconstruction of the Red Line station on pedestrians and was informed that his concern should be addressed by the City. It was noted that the MBTA had established its construction detours without effective input from transportation planners in the

Department of Traffic and Parking, even though City agencies, such as the BRA and the Boston Police Department, had been consulted by MBTA staff and contractors.

The Commissioner of Traffic and Parking is not currently empowered to plan for, or solve, a Dewey Square crisis, since he must deal with state agencies, the BRA and the Police Department to attain his managerial goals. Without direct authority to solve the traffic problem, the Commissioner cannot be held accountable as a manager.

Traffic and Parking/Police. Jurisdiction over traffic management functions is distributed among several departments. For instance, moving traffic and parking enforcement as well as assignment of traffic details fall under the jurisdiction of the Boston Police Department. Parking officers, under the jurisdiction of the Traffic and Parking Department, have no authority to immediately call for a tow truck. Only police officers of specified rank have such authority. Therefore, the only immediate recourse for the parking officer with a recalcitrant parking violator is to levy a \$15 fine, since police details may well be assigned to other public safety duties. Furthermore, the Police Department's limited capacity to respond to towing calls in a timely manner is a clear disincentive for Traffic and Parking personnel to routinely call for tows. The Police Department's mandate for public safety creates a shortfall in personnel to deal with downtown traffic congestion.

Certain surface roads and intersections within downtown Boston will no doubt always require regular, sustained, manned units to manage traffic flow; a list of intersections was classified as chronically congested during the prior administration and they remain congested. This list includes: High & Federal Streets; the Surface Artery & South Street; the Surface Artery & Kneeland Streets; Haymarket Square; New Congress & Washington Streets; North Washington Street Bridge from City Square, Charlestown, to the North End. The list is further expanded in the Mayor's report "Transportation: A Framework for Improved Access." These intersections will probably always remain congested unless a concerted plan involving a consistent "on-the-street" approach is implemented to improve the flow of surface traffic.

The width of Boston's existing surface roads is fixed, and continued development is destined to increase downtown traffic flow. The Traffic and Parking Department's Traffic Relief Program appropriately addresses these new downtown congestion problems. However, this pilot program, as well as the Mayor's police recruit details during Christmas, should be the precursor to a sustained on-the-street enforcement program at critical downtown intersections.

Traffic and Parking/Real Property. Parking facility siting, control and management is fragmented throughout a number of departments, including Traffic and Parking and the City's Real Property Board. At present, the Traffic and Parking Department has responsibility for regulating open air parking in compliance with the Federal parking freeze, but it has no control over access to and from proposed parking facilities and little impact on siting plans and operating procedures of parking facilities currently under the jurisdiction of the Real Property Board.

Traffic and Parking/Department of Public Works. Although the Traffic and Parking Department regulates signs and signals, the Department of Public Works oversees much of the road work, including snow removal, new construction and maintenance of street lights. The interdepartmental nature of engineering planning results in slow response time.

Traffic and Parking/Boston Redevelopment Authority. The Boston Redevelopment Authority ("BRA") is responsible for downtown development planning, only a portion of which covers traffic issues. Nevertheless, it deals directly with private business and state officials in initial transportation planning for the City. Certainly, the BRA's planning and land development functions require a transportation planning component.

The Administration has moved forward with a zoning by-law proposal to create an institutional mechanism to ensure that the BRA and the Traffic and Parking Department share information and accountability on development decisions which affect surface transportation. Resolution of transportation issues remains dependent on this interdepartmental cooperation.

The Parking Dilemma

The freeze on additional downtown parking spaces was imposed in 1976 by the United States Environmental Protection Agency. In order to improve air quality, the freeze limits the number of downtown commercial parking spaces to the 1973 level of 35,500. Given the current pace of development in the downtown area, the Administration projects a need for 22,632 additional spaces by 1990.

The 1976 parking freeze assumed that people would seek other modes of transportation. However, the automobile is still a primary means of transportation into the downtown area, and the need for short and long term parking continues to grow.

Short term users, such as mid-day shoppers, tourists, and those who visit downtown offices between 10:00 a.m. and 3:00 p.m., have been the most severely affected by the lack of available City parking. The Administration has successfully attained its 1983 goal of providing an additional 1,883 curb-side parking spaces for short term use. However, the present number only satisfies current demands. The City should continue to expand short term parking space and try to decrease the demand for long term parking.

Since the City assumed responsibility for meter collections in 1981, revenues from collection have increased from \$10,295,000 to \$23,000,000 in 1983 and 1984. This has helped ensure that short term parking is available throughout the City and that long term curb-side parking is discouraged. The City's proposed "Smart Boot" program is an offshoot of effective computerization of traffic violations statistics. This program, designed to identify the worst parking offenders, should be encouraged.

The City has successfully implemented a resident parking permit program which protects Boston neighborhoods from excessive through traffic and the anticipated spill-over parking resulting from the shortage of downtown parking.

Working With The State

Boston's roads serve as a vital link connecting Boston to the metropolitan area and New England. Failure to take full advantage of opportunities for effective City/State communication ensures the continuing bureaucratic gridlock which exacerbates the congestion on City streets.

Boston is also a center for international trade through Massport as well as other state and federal waterfront facilities. The impending development of the depressed Central Artery and the Third Harbor Tunnel increases the need for cooperation between the City and the Commonwealth of Massachusetts.

The Committee's interviews highlighted the need for more consistent information exchange between City and State officials. For example, City road resurfacing or reconstruction projects might well be unknown to state officials, thereby precluding any opportunity to plan for alternative traffic patterns on State controlled arteries.

The Mayor's report entitled "Transportation: A Framework for Improved Access", lists many State-controlled mass transit projects, offers myriad downtown traffic enforcement options and proposes legislative initiatives to strengthen the Department's regulatory authority. The City has little or no jurisdiction over many of the proposals suggested. Achieving these laudible goals requires City/State cooperation in planning.

It would be unrealistic for the Administration to set goals requiring effective policy changes without making the commitment to set in place the management structure and funding commitments necessary to achieve meaningful improvements.

Existing Frameworks for City/State Cooperation

Federal regulations have required the Commonwealth to establish a Metropolitan Planning Organization (MPO) made up of primary State and City organizations whose mandate is to establish a coordinated transportation policy for the metropolitan region. The MPO was established by the Governor in the early 1970's and includes top officials from the Executive Office of Transportation and Construction (EOTC), the MBTA, the Massachusetts Department of Public Works, Massport, and a representative from the Metropolitan Area Planning Council.

The federal Highway Administration and the Urban Mass Transportation Administration participate in MPO meetings as non-voting members. These federal agencies are the primary funding agencies for transportation capital and operating subsidies.

Boston is not assured a voting presence on the MPO since it is not institutionally guaranteed a seat in the organization. Currently, the only means by which Boston can participate as a voting member in the MPO is through the designated representative of the MBTA Advisory Board (where the City controls a sufficient percentage of advisory board votes). Historically, Boston has paid most MBTA costs and enjoys substantial representation (42%+) on the Board, which officially approves the MBTA capital and operating budget. Although the Board has a seat on the MPO, at present Boston has not aggressively sought to be designated as the representative of the Board to the MPO.

The Massachusetts Area Planning Council consists of representatives from 101 cities and towns who participate in regional planning and offer planning services to the participating communities. Two Boston agencies participate in the MAPC: the BRA and the Traffic and Parking Department. Although the MAPC has a vote in the MPO, Boston has no guarantee that one of its members will be designated as the MAPC's representative. Boston is not the current MAPC representative.

The Joint Regional Transportation Committee (JRTC) was established as a citizens' advisory committee to the MPO. It comprises twenty citizen members and representatives from twenty cities within MAPC boundaries. Although Boston is represented on the JRTC, the Committee's advisory status does not provide the City with voting authority.

Under the previous administration, Boston's active participation in the MPO was primarily due to the fact that the Commissioner of Traffic and Parking held the chairmanship of the MBTA Advisory Board which assured Boston a vote on the MPO. In addition, the Commissioner was also a member of the Board of Directors of Massport with input into yet a second vote. Today Boston has no direct participation on the MPO because the City relinquished the chair of the MBTA Advisory Board, it has no automatic voice through the MAPC, and it lacks influence on the Massport vote through a seat on the Massport Board of Directors.

RECOMMENDATIONS

The Committee offers the following recommendations:

- Consolidate surface transportation management functions in the new Transportation Department;
- Transfer curb-side traffic enforcement, towing, and construction detail scheduling functions to the new Department;
- Enlarge the Department's role in parking structure siting decisions;
- Designate a manager for daily "street level" traffic problems;

- Reassess parking supply policies;
- Modify legislation limiting fees for parking and towing; and
- Establish a Boston Transportation Planning Council.

Consolidation of Management Functions

The City has a mandate to exercise control over the surface roads under its jurisdiction. City officials have made it clear that the management of surface transportation is not an ancillary function of the City's need for revenue, whether through parking tickets or through the promotion of development within the City. To succeed in sustaining a long term commitment to this goal, the City must make significant changes in management philosophy and consolidate Departmental functions.

Although there is a strong need for consolidation and the Mayor has moved to reorganize the Traffic and Parking Department into a new Department of Transportation, a reorganization is insufficient. In order to succeed, the new Department of Transportation must have both authority and accountability for transportation management. The new Department needs to bring a concerted management effort to surface transportation problems, and this requires the transfer of functions historically designated to other departments to the new Department.

Transfer of Functions

Tasks historically assigned to public safety departments should be reassigned as "transportation management" functions within the Department of Transportation in order to insure that sustained traffic enforcement becomes an integral part of a Departmental commitment to transportation. Such functions include curb-side traffic enforcement, towing, and construction detail scheduling and supervision.

This recommendation requires the City to add much needed personnel to the proposed Department of Transportation and give it the necessary legal authority to perform its duties efficiently.

Transfer of Parking Structure Responsibilities

If the Commissioner of a strengthened Department of Transportation is to be accountable for establishing effective parking policies for the City, the responsibility for the siting of parking facilities should also fall within this Department. Such control is essential to insure that the new Department can appropriately address parking as part of an overall transportation management scheme.

Designation of a Manager for Daily Traffic Problems

Given the current Administration's commitment to actively participate in transportation planning, a management structure must be developed which balances daily operational responsibilities with planning and administrative duties. Unlike the delayed realization of transportation planning (where five- to ten-year planning horizons are not uncommon), daily operations of the Department have an immediate impact on the public and demand attention as well as quick response time. The structure would equally weight planning and administration, and management of day-to-day operations to permit the department to meet both long and short term goals.

The management structure of the proposed new Department of Transportation has no division responsible to the Commissioner for ensuring the flow of surface traffic on a day-to-day basis. There is a need for a manager whose primary function is to administer and coordinate the "street level" functions which should insure the smooth flow of traffic. (See Exhibit 1).

Although the current organization of Traffic and Parking consolidates staff, the Department maintains separate directorates for each area of responsibility such that the responsibility for traffic flow is distributed among the Director of Traffic Management, the Director of Parking Management and the Director of Planning.

A deputy commissioner who supervises primary "street" parking, engineering and enforcement functions is essential to achieving a comprehensive approach to combatting the downtown gridlock.

The benefits of consolidating traffic enforcement personnel under a single deputy commissioner would be that deployment of all special details -- during rush hours, at construction sites, and at chronically congested intersections -- is both immediate and subject to an overall coordination plan. This plan also takes into account foreseeable traffic problems (e.g. increased traffic flow during holidays, parades, concerts, and downtown construction).

Reassessment of Parking Policies

The federal freeze on downtown parking could be cautiously modified to permit peripheral parking zones at major junctures where automobiles and mass transit intersect. For instance, "parking pods" located on the periphery of the downtown area provide a direct link between the expressway and public transit. Locations suggested by both traffic reports include South Station and North Station. To complete the "pod" triangle, a third site near the Massachusetts Turnpike Allston-Brighton Exit offering bus service to the City would be helpful.

The development review process within the City should require that businesses provide increased parking for their employees and open this parking to the public during off-peak traffic periods. Such a proposal may also require modification of the freeze requirements, but remains more consistent with the purpose of the freeze, which is to ensure better air quality in the City. This concept could be implemented if the zoning proposal requiring both BRA and

Traffic and Parking approval of certain developments affecting downtown traffic is successful.

Reducing Traffic Demand as a Prerequisite to New Development

The City should take aggressive steps to require the business community to establish van pool programs, employee carpool programs and mass transit incentive programs (i.e. funding discount programs for MBTA passes). City approval for projects might even require developers to make direct links to rapid transit facilities.

The City's commitment to neighborhoods and to the quality of life enjoyed by residents, visitors and commuters should be a dominant theme in the cooperative effort with the private sector, and particularly developers, to improve and promote mass transit programs for downtown travel.

The City's efforts to encourage alternative modes of transportation such as water transit, bicycling and walking reduces the demand for downtown parking, and should continue. Although the City does not have exclusive control over the waterfront, it should actively participate in planning and siting of boat terminals to ease traditional demand for parking.

These proposals accentuate the need for more formalized information sharing and coordination in order to improve City and State efforts to ease the traffic burden in downtown.

Parking Fee Structure/Neighborhood Parking

As suggested in the Transportation report, the City should pursue modification to current legislation which sets limits on fees for parking and towing violations. Higher parking fines and towing costs would serve as a deterrent to extended parking and double parking, particularly. The City of New York has found that stiffer fines for extended parking and towing have helped to free key arteries from long-term parkers. New Yorkers have been forced by the more aggressive policy to park on the outskirts of the City and use mass transit.

Evening, weekend and holiday enforcement of resident parking programs is imperative to traffic improvement. In addition, the City should establish procedures to handle visitor and merchant parking in neighborhood commercial districts.

As with traffic management, the Administration's efforts to shape a cohesive parking program for the City must continue to balance the needs of the neighborhoods and the downtown business community. All of these proposals are predicated on the commitment of the Administration, the Commonwealth and the private sector to work together to solve transit problems.

Developing a Positive Framework for City/State Cooperation

Despite the City's steps to improve downtown traffic and parking, the interviews conducted and data collected for this item indicate that the

Department has shifted its focus to involve itself more deeply in regional transportation planning issues and away from the traditional function to which the public relates on a day-to-day basis: traffic management in downtown Boston.

Issued in January 1984, "Boston in Transition, A Program and Policy Analysis" set forth a plan to reorganize the current Traffic and Parking Department into a more viable Department of Transportation. The report contemplated a more significant role for the City in comprehensive transportation planning and advocated that the City take an overview of the major transportation issues facing it.

This goal is consistent with the recommendation to establish a strategy for obtaining greater cooperation with the State in transportation policy and planning. As stated in 1984, the City should continue to pursue its goal to "bring together planning and programs within a single agency" which has the "responsibility for looking at the transportation needs of the City at large."

Strategies for More Effective City Participation in Regional and Downtown Transportation Planning

The City and the State need a formal mechanism by which transportation policy making can be developed and coordinated. This was the initial intent of the establishment of the MPO. Since the MBTA is dependent upon the City for substantial funding and appropriations through the MBTA Advisory Board, Massport's jurisdictional boundaries are confined to the City's waterfront and airport properties, and the majority of federal funds approved for State projects are applied toward projects within the Boston metropolitan area, the City should be guaranteed a voice in transportation policy making. This should be strengthened by instituting a formal mechanism.

One strategy to strengthen Boston's institutional role in regional and urban transportation planning would be to more aggressively pursue a voting position on the MPO, either as the official designee of the MBTA Advisory Board or as the representative of the MAPC. Given Boston's unique and substantial stake in all planning, there is a strong argument to be made that the City would be the appropriate voting designee in both instances.

The difficulty with making this strategy work is that other cities and towns which play an increasingly active role on the MBTA Advisory Board or the MAPC may desire similar levels of access and responsibility on the MPO. Other communities may simply disagree with the primacy of Boston's role in transportation planning.

A preferable strategy for strengthening Boston's voice in transportation policy initiatives would be to establish an inter-governmental "round table" charged with fostering the transportation planning dialogue between the State and the City of Boston. Unlike MPO, the proposed Boston Transportation Planning Council (BTPC), would focus on transportation planning specific to Boston. The proposed BTPC would be comprised of the Mayor, the Massachusetts Secretary of Transportation, the General Manager of the MBTA,

the Director of Massport, the Commissioner of the MDC, and the Commissioner of the Massachusetts Public Works Department, and would be charged with reaching a consensus on areas of mutual concern.

A model for the Boston Transportation Planning Council is the Governor's Anti-Crime Council, which was designed to provide a forum for all branches of government, each shouldering a portion of crime-fighting responsibilities.

The BTPC could provide a forum for resolution of many issues before the the filing of legislation. Because the City must go to the State legislature for approval of fiscal and administrative initiatives, the BTPC would ensure that necessary institutional and political consensus building is achieved before legislative initiatives are undertaken. Finally, City transportation efforts would benefit from concerted City and State efforts to educate legislators on City transportation initiatives, and to obtain the support necessary to improve Boston's transportation management objectives.

XVIII. TREASURY

TREASURY

Employees: 57

Appropriations:	FY84	\$2,721,949
	FY85	2,434,990
	FY86	3,309,828

Mission:

Treasury's mission has three parts:

- (1) prompt and complete collection of all revenues due the City;
- (2) the investment and disbursement of City funds; and
- (3) management of the City's borrowing needs.

OVERVIEW

The Treasury Department, headed by the Collector-Treasurer, has three broad areas of responsibility: collections, investment and disbursement of City funds, and management of the City's debt. These activities are integrated through the development of timely and accurate cash flow data and reliable cash flow projections. Such projections provide the basis for monitoring the receipt of funds in general and the effectiveness of the collections function in particular, for day-to-day decisions on the investment of cash balances, and for determining the appropriate level of borrowing to meet the City's working capital needs.

In analyzing Treasury Department performance, the Mayor's Management Review Committee focused its attention on the Department's overall performance in the three broad areas of responsibility listed above. The Committee did not conduct an audit of the Department or review departmental progress on addressing the detailed audit comments on Treasury's internal control procedures made in the past by the City's independent certified public accountants. The issues raised by these detailed comments are important ones which should receive the continuing attention of the Collector-Treasurer.

Collections

In Fiscal Year 1986 (FY86), Treasury projects receipts of approximately \$1 billion, net of the \$100 million of working capital funds (formally designated Revenue Anticipation Notes or RANs) borrowed at the beginning of the fiscal year and repaid at the end. Treasury's General Fund cash flow model divides total receipts into twelve categories (Exhibit 1), some of which result from aggregating many smaller categories. For example, the category "city departments," which totals \$92.5 million for the fiscal year, comprises numerous

EXHIBIT 1

FY 1986 GENERAL FUND CASH FLOW PROJECTION

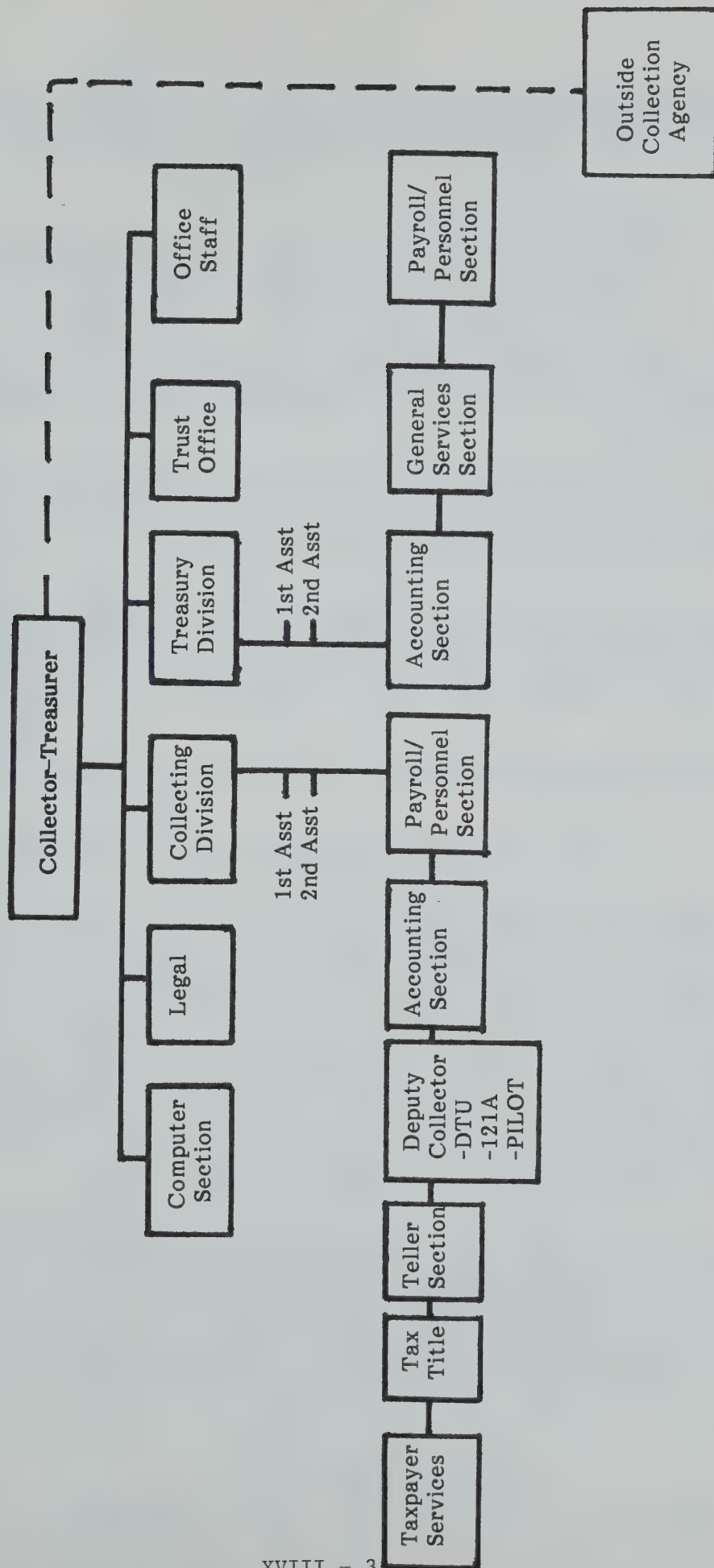
DATE: 11/5/85

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Begin. Bal. (FY'86)	152058	121021	217093	195830	147871	215464	278048	219923	150816	123108	62353	23435	
Receipts													
current levy	0	0	0	0	170194	2762	2417	2023	2024	4000	58449	125871	367740
prior levy	459	162	40	106	150	162	156	152	146	165	146	156	2000
motor veh. ex.	799	288	1288	1240	870	741	852	770	1018	1018	1346	770	11000
room ex.	0	0	0	0	0	4800	0	0	0	0	0	4800	9600
avt. fuel ex.	0	0	0	0	0	5450	0	0	0	0	0	5450	10900
fed. rev. sh.	4518	0	0	4518	0	0	3382	0	0	3382	0	0	15800
state aid	728	22004	20154	327	1500	142262	1080	4410	39325	5000	0	125010	361800
city dept.	11027	10350	9941	9884	5715	11959	6758	4405	4510	4216	4405	9330	92500
parking fines	3706	2847	1809	2862	2004	2440	2370	2220	2310	2651	2651	2930	30800
hospitals	8500	12875	11970	17889	7931	8780	7830	8420	8560	8160	8815	8970	118700
non-rev. reimb.	0	0	0	0	0	0	0	0	0	0	0	0	0
rans	0	99830	0	0	0	0	0	0	0	0	0	0	99830
Total Receipts	29737	148356	45202	36826	188364	179356	24845	22400	57893	28592	75812	283287	1120670
Total Cash. Avail	181795	269377	262295	232656	336235	394820	302893	242323	208709	151700	138165	306722	
Disbursements													
city net persnl.	14131	16122	15885	14549	16368	14401	14401	12492	14401	15462	13554	19527	181293
school net persnl.	1771	1305	5561	10500	8962	9205	8172	10658	8535	11177	9410	8278	93534
persnl. deduction	17611	14250	9513	12831	18026	22433	15039	15788	15953	16571	16141	16996	191152
genl. gov.	12895	6280	7461	13525	18077	31178	16024	15277	15277	16025	18307	23457	193783
schools	0	705	2762	3659	5244	6227	7942	6541	9181	9060	8950	10662	70933
county	334	53	55	320	417	500	640	936	730	760	1000	2055	7800
prior yr. reserves	1819	7480	2098	1137	6470	6470	6438	5788	4053	2970	2970	2307	50000
debt service	7662	4918	3897	4920	9431	12043	1997	11712	5154	5005	8897	5262	80898
state assessmts.	0	0	0	0	23000	0	0	0	0	0	23000	0	46000
pension cost	0	0	18963	18963	10483	10483	8485	8483	8483	8483	7491	7483	107800
non-rev. disb.	657	1171	250	518	968	785	785	785	785	785	785	726	9000
prop. tax abat.	3894	0	0	3850	1825	1775	1775	1775	1777	1777	1776	1776	22000
disp. assessmts.	0	0	20	13	1500	1272	1272	1272	1272	1272	2449	4758	15100
rans	0	0	0	0	0	0	0	0	0	0	0	100000	100000
Total Disbursements	60774	52284	66465	84785	120771	116772	82970	91507	85601	89347	114730	203287	1169293
ENDING CASH BAL.	121021	217093	195830	147871	215464	278048	219923	150816	123108	62353	23435	103435	

(Please Note: October actuals were available on 11/5/85 due to the recent automation of the cash flow system.)
Source: Treasury Department.

EXHIBIT 2

TREASURY DEPARTMENT FY85 ORGANIZATION CHART



subcategories including various fees as well as investment income and collections of delinquent taxes from prior years. For purposes of this overview, however, it is useful to divide the \$1 billion of receipts into three parts as follows:

- 40% represents city taxes to be collected;
- 36% is state aid; and
- 24% is composed mainly of fees or fines generated by other City departments (includes federal revenue sharing, which constitutes 1.5% of total receipts).

The focus of Treasury's collections effort is clearly on the first of these categories. State aid is a major source of funds which should be received in a timely fashion. The receipt of other departmental revenues is largely out of Treasury's control.

City current year tax revenues are generated largely from approximately 120,000 property taxpayers who are billed for some \$370 million of real and personal property taxes and from some \$31.5 million due from motor vehicle, room and aviation fuel excise taxes.

Delinquent taxes from prior years (including late fees and accrued interest charges) totaled \$106 million in tax title representing 13,589 parcels on which liens had been placed as of the beginning of December, 1985 and another \$27 million in tax possession representing 3,198 parcels on which the City has foreclosed.

Thus, there are two key tasks to be performed in the collections side of the Collector-Treasurer's office:

- to collect and record taxes due for the current year; and
- to reduce the backlog of delinquent taxes from prior years.

Collection of current taxes. The starting point for all activities in the Treasury Department is responsibility for the collection of currently due taxes. The collections cycle and the effectiveness with which it is managed have a direct impact on the City's borrowing needs and on the availability of funds for investment during the fiscal year. At current rates the investment of cash balances in the general fund creates income of approximately \$1 million per month for the City. The basic collections cycle (or an idealized version of it) is set forth schematically in Exhibit 3. If all aspects of tax collection went perfectly, one-half of the property tax levy would be received on November 1 (approximately \$185 million) and one-half on May 1. Any delays in the process are very costly to the City in terms of lost investment income.

The process begins in the Assessing Department of the City with the determination of the tax rate. This rate must be certified by the Commonwealth, a task which is performed by the Department of Revenue. If the State certifies the tax rate in a timely manner, the City's MIS department generates tax bills to be mailed on October 1. Bills are due 30 days after they are mailed. Thus, the earliest due date is November 1. At times, however, events lead to delays in mailing the bills. In FY86, for example, the bills were not mailed until

STANDARD COLLECTIONS CYCLE: REAL ESTATE TAXES

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November 6. This moved the tax due date from November 1 to December 6. Such delays can cost the City substantial amounts of lost investment income. Therefore, it is extremely important for the State Department of Revenue to coordinate with City departments relative to the setting of the tax rate to avoid foregoing investment earnings.

Once the bills have been mailed they begin to accrue interest (currently at the rate of 14%). This interest is collected only if the bills are not paid by the due date. Fourteen days after the due date passes, a Demand Notice is sent, adding an additional \$2 fee to the outstanding taxes and accrued interest. If payment is not received in an additional two weeks, a Warrant Notice is sent, adding another fee of \$7 to the current payable. The Warrant Notice warns the taxpayer that if the taxes and penalties are not paid by the end of the fiscal year, the City will place a lien on the property and begin foreclosure.

Collection of delinquent taxes from prior years. If payment is not received in response to the Warrant Notice, no additional contact is initiated with the late taxpayer, either by mail or otherwise, until the second-half tax bill is sent out on April 1. At this point, the same cycle of notifications, late fees and accrued interest repeats itself for the second-half bills. If taxes are not paid before the end of the fiscal year (June 30) the property is deemed to be delinquent and is "placed in tax title," which means that the City places a lien on the property. A Deputy Collector should then contact the delinquent taxpayers telling them of the lien and of the consequences of continued failure to pay. At the time a lien is placed, the rate of interest accruing on the delinquent taxes increases to 16%. Six months after a lien is placed on the property, the City can begin foreclosure proceedings.

Of the approximately \$106 million in tax title status (where liens have been placed but foreclosure not completed) approximately one-half represents original principal of taxes due and the other half represents accrued interest and penalty fees also unpaid.

An aging analysis of the delinquent receivables (Exhibit 4) shows that over **\$58 million** of the tax title accounts are **more than 10 years delinquent**. An additional **\$32 million** of delinquencies are **5-10 years old**. These are properties on which the City has not foreclosed. Some involve tax payments missed for one or more prior years where taxes have been paid on a current basis in the interim. Some represent properties on which the market value may be less than the total of taxes plus accrued interest and penalties (for example, vacant lots where buildings have burned down with delinquent taxes due but never paid).

How could such a backlog have developed? In practice, the contacts that are to be made by Deputy Collectors when properties go into tax title have not always been made, and current understaffing adds to the difficulty in keeping up with this process. In addition, when the City places a tax lien on property, the taxpayer will not necessarily be notified of the existence of that lien unless the property is "registered," which applies to only a small percentage of properties, or when the taxpayer tries to sell the property and does not have clear title.

Foreclosure presents numerous problems as a collection remedy for the City. It is time-consuming and expensive. The process begins with the City filing a petition with the Land Court. Filing such a petition costs \$262.50, which

EXHIBIT 4

TAX TITLE ACCOUNTS
DELINQUENCY AGING BY PERIOD(1)

	<u>1-2 Years</u>	<u>3-4 Years</u>	<u>5-7 Years</u>	<u>8-10 Years</u>	<u>Over 10 Years</u>	<u>Totals</u>
Number of Accounts	4,239	1,885	1,828	1,521	4,116	13,589
Total Dollars Delinquent	\$8,808,866	\$6,859,342	\$14,676,054	\$17,595,021	\$58,141,527	\$106,080,810

(1): As of December 2, 1985.
Source: Office of Collector-Treasurer.

ultimately adds to what the delinquent taxpayer owes, assuming the City ever collects. If the City does not collect and completes the foreclosure process, the fee simply is added to the City's costs. Once such a petition is filed, the City must notify anyone who might have an interest in the property, including placing notification in the newspaper. If the action is uncontested, the foreclosure process can be completed in a year. If anyone objects, the process can take several years. Foreclosure also results in the City's owning and therefore having to assume responsibility for managing or selling the property. In some cases the property is worth less than the amount of delinquent taxes and penalties accrued.

The Collector-Treasurer's office has set priorities that provide guidance on which delinquent properties to pursue most aggressively and which remedies to use. Foreclosure often does not make economic sense for properties of low value. Quite simply, the City will spend more than it is worth or end up with responsibility for a parcel it must maintain and can't sell. As a result, Treasury has instituted or revived several alternative remedies designed to facilitate collection without foreclosure. These remedies include:

- notification to mortgage holders that taxes are delinquent on property in which they have an interest;
- rent taking (a process in which the City takes over management of rental properties through an agent and collects rents directly to recover amounts due the City);
- personal suits brought against property owners who are delinquent on taxes but who have substantial other assets;
- withholding rebates or other payments due from the City to the delinquent taxpayer (or using payments as leverage to get the taxpayer to pay up); and
- publicizing the names of delinquent taxpayers.

In addition, to address the backlog problem, early in 1985 Treasury instituted a program of sending letters to all taxpayers whose properties were in tax title, some of whom may have heard nothing from the City about their delinquency problem in years. This letter writing campaign was scheduled to take place over approximately a year, since it involved over 13,000 letters. It is expected to be completed in February 1986 and has already produced significant results.

Treasury Functions

The primary treasury functions are disbursement of funds once expenditures have been properly authorized and management of the City's day-to-day investment of cash balances.

The Collector-Treasurer has relatively little discretion to delay disbursement of funds in order to respond to short-term cash flow problems. For example, of the approximately \$1 billion of disbursements (excluding the \$100

million of RANs) to be paid by the City in FY86, some 57% will go for current payroll and pension costs and another 8% for debt service. For all practical purposes, these items must be paid on time -- the City simply cannot fail to meet its payroll or its obligations to lenders. While some other items may allow for modest discretion as to the timing of payment, the Mayor's Management Review Committee does not view delays in disbursing funds on accounts payable as an acceptable cash management tool for the City.

Investment of cash balances plays an important role in the prudent management of the Treasury. The FY86 general fund cash flow projection (Exhibit 1) shows an average month-end cash balance of approximately \$155 million. At a short-term interest rate of 7.75% (a rate the City was earning on repurchase agreements in mid-December, for example), investment of the general fund cash balance would generate \$12 million of interest income during the year. In fact, the Treasury invests funds in addition to the general fund balances and had earned more than \$8 million in interest income by the end of November 1985 (five months into the fiscal year).

Thus, the key tasks in the treasury side of the Collector-Treasurer's office are to:

- be as fully invested as possible at all times;
- to achieve competitive rates of interest on those investments; and
- to select investment maturities that strike a proper balance between achieving the best return and assuring adequate liquidity to meet the City's cash disbursement needs.

Debt Management

In general, the City follows a pattern of borrowing in the capital markets each spring to meet the needs of its infrastructure program. This capital investment program can be pursued effectively only if the City is in a position to borrow on investment grade terms (the top four major rating categories). While many important factors in determining the City's credit rating relate to the underlying strength of the economy and the tax base it supports, there is an element that relates to the management of the City's affairs and, in particular, to the management of its fiscal affairs. In connection with the City's spring 1985 bond issue, Moody's Investors Service raised its credit rating on the City's long-term obligations to Baa (investment grade) from the noninvestment grade rating that had prevailed since the passage of Proposition 2 1/2. As illustrated by Exhibit 5, this upgrading has helped narrow the cost differential between City of Boston and Commonwealth borrowing rates.

With the Mayor's five-year capital plan, Investing In Boston's Future, calling for the issuance of \$55 to \$65 million of bonds per year, the City's ability to communicate an image of strong fiscal management is important to the debt management process. In this regard, the committee commends the Collector-Treasurer for his initiatives in telling the City's story to the financial community

20-YEAR BOSTON RATES VS. THE BOND BUYER INDEX
AND THE DIFFERENCE
APRIL 1982 - NOVEMBER 1985



These rates have been obtained
on a biweekly basis.

(for example, he has begun publication of a semiannual "City of Boston Financial Newsletter").

The amount of RAN borrowing has varied considerably in recent years, reaching a high of \$130 million in 1983 (due to the delay in getting tax bills out as a result of the mandatory revaluation of all property in the City that year) and a low of \$25 million in 1984. The amount borrowed is a function of the specific revenues and expenditures projected in a given year, thus making accurate cash flow projections vital. While the City has been able, under current federal tax law, to borrow an amount adequate to ensure that the cash balance does not drop below one month's disbursements, future borrowing may be more tightly constrained under pending federal tax reform legislation. In addition, the City has been able, under current law, to invest the proceeds of its RAN borrowing at interest rates higher than its cost, thereby benefitting the City. This currently legal arbitrage would be rebated to the United States Treasury under the tax reform bill (H.R. 3838) that passed the House of Representatives in 1985.

CRITICAL PERFORMANCE MEASURES

Treasury performs several critical functions for the City. These functions, while always important, take on additional urgency in light of federal budget cuts and tax reform proposals. To reiterate, the functions are: timely collection of all revenues, investment of available funds, and projection and management of City borrowing needs.

These functions suggest to the Committee the following critical measures of performance in Treasury:

- the backlog of delinquent taxes due from prior years;
- the collection rate on taxes due for the current year;
- the investment return on cash balances; and
- the accuracy of the projections of the City's cash flow.

Backlog of Delinquent Taxes

A study is now under way in the Collector-Treasurer's office to assess the realistically collectible backlog. This is a time-consuming, parcel by parcel process, but one that is very important to developing any realistic goals for collection of delinquent taxes. The Collector-Treasurer does not at this time have the legal authority to write off delinquent taxes as uncollectible. Aside from statutory constraints in this area, it is important from a managerial standpoint to be able to set attainable performance standards. The Committee wishes to encourage this effort to analyze the status of the backlog.

Prior to Proposition 2 1/2, there was a Deputy Collector for each of the City's 22 wards. Today there are six Deputies. Providing inadequate resources

to collect all of the City's taxes is false economy and sets the wrong tone in terms of fairness. The City need not return to one Deputy per ward, but currently there may well be inadequate resources to do the job effectively.

Collection of Current Taxes

Timely billing and collection of the current levy can increase the level of the City's interest income. As noted above, one month's interest on the City's average month-end balance in the General Fund amounts to more than \$1 million. Efforts to accelerate the inflow of current receivables could easily pay for themselves in the short term, as well as changing taxpayer attitudes about the City's fiscal management. Exhibit 1 (the cash flow projection) shows about \$13 million of the current levy to be received in the period December through April. These are amounts normally due in November. If all of the \$13 million were received in December rather than being spread out through April, investment income would be increased by approximately \$175,000. While it is perhaps not realistic to expect **all** taxes to be paid on time, this should be the goal.

In an effective private loan collection operation, a delinquent borrower is contacted in an escalating pattern of follow-up by mail, telephone and perhaps in person (all, of course, within the scope of legal and fair credit collection practices). The City should approach its tax collection activities in much the same manner. Present practices rely **solely** on notification by mail during the entire year in which current taxes are due. In addition, the taxpayer who has not paid the Fall bill receives the Demand and Warrant notices described above in mid and late November and then hears nothing again until the spring bill goes out in April. The City should strive to collect all of the taxes on their due dates on both the first half and second half bills. Taxpayers should pay taxes to the City in full and on time.

Investment of Cash Balances

The basic goal in this area is to be as fully invested as possible and to earn the highest returns consistent with the strictures of the City's statutory investment powers. Under the Bond Procedures Act (passed by the state legislature in 1983) the City has the same investment powers as the Commonwealth. To evaluate the effectiveness of the Collector-Treasurer's cash management operation, it is necessary to develop a reporting mechanism that will show the accrual of interest on investments rather than merely reflecting the receipt of cash which, on repurchase agreements and certificates of deposit (the two major investment vehicles currently being used by Treasury), is paid at maturity. With investment income recorded on a cash basis, it is very difficult to compare Treasury's investment performance with any external measure (an index of short-term investments such as U.S. Treasury bills or money market funds invested in government securities, for example). A fairly simple system of accruing interest would permit the ongoing tracking of investment yields based on interest earned in relation to an average investment balance for the period in question (it could be reported weekly, for example). Those concerned with the performance of the City's cash management would then have a basis for setting a standard relative to market determined rates.

It will also be necessary to have such an investment tracking system if the tax-exempt bond provisions of the tax reform bill which passed the House of Representatives (H.R. 3838) become law. In most instances, the City would be required to rebate to the federal government any arbitrage earnings on its RAN borrowing. For example, if the City borrowed against anticipated revenues at 5% and invested those funds at 7%, the difference might have to be rebated to the federal Treasury. Thus, to preserve the tax-exempt status of its borrowing, the City may be required to track precisely the investment earnings it receives. Thus, both to monitor performance for management purposes and, possibly, to meet new federal law requirements, the City will need such a system of accounting for interest accrued.

Cash Flow Projections

The ability to predict accurately what the City's cash flow will be from week to week and month to month is an essential integrative function in the Collector-Treasurer's office. Great strides have been made this past year with the computerization of the cash flows. The integration of actual receipts and expenditures with the evolving projection for the year is now available on a timely basis. This allows for more attention to analysis and management of the process now that less time is consumed in simple preparation of the cash flows.

ASSESSMENT OF PERFORMANCE

Treasury has taken several key initiatives recently. These initiatives can be summarized under four broad categories:

- The backlog of delinquent taxes has been addressed;
- The processing of collections has been automated substantially;
- The preparation of cash flow projections has been computerized; and
- The City's relationship with the financial community has improved.

Backlog of Delinquent Taxes

In the real and personal property area, the attempt to contact by letter all of the nearly 13,000 accounts in tax title as of January, 1985 has begun to generate identifiable collections. While it is difficult to trace all overdue collections to a specific reason for the payment, Treasury estimates approximately \$1.8 million clearly traceable to the letter campaign this fiscal year and perhaps a substantial part of the additional \$6.4 million collected on tax title accounts from July through November, 1985. As recently as last summer in connection with the sale of its FY86 Revenue Anticipation Notes, the City could only say in relation to the backlog, "...the City estimates that the value of the properties to which such tax titles and possessions relate is substantially less than the amount of such delinquent taxes and interest." An attempt to analyze the collectibility of the backlog has begun. This project will generate useful information from which realistic recovery goals can be established.

Within the past year Treasury has also developed an alphabetical listing of all taxpayers with outstanding balances. The list can be cross-referenced with the list of taxpayers due to receive rebates or vendor payments from the City and provides clear leverage for collection of delinquent taxes.

Finally, the initiation or reinstitution of other remedies noted above, and closer coordination with other City departments, have given the Collector-Treasurer additional needed tools for collecting on delinquent accounts. One such example of coordination can lead the City to take early action to place a claim for payment of taxes from insurance proceeds after a fire.

With respect to motor vehicle excise taxes, the Collector-Treasurer has taken several effective initiatives with respect to the collection of delinquent motor vehicle excise taxes, two of which are especially noteworthy. The first is a program under which bids were solicited from private collection agencies to collect delinquent motor vehicle excise taxes. The firm chosen collected approximately \$1.4 million from July 1985 through the end of January 1986. In this example, the firm is compensated by late fees paid by the delinquent taxpayer while the City receives the full amount of delinquent taxes collected. This effort has placed some 50 to 60 collectors in the field (as opposed to a total complement of six Deputy Collectors within the Treasury). This intensive effort at privatizing the collections process represents a significant achievement for the Department.

The second initiative in the motor vehicle excise area is a concentrated effort to collect from fleet operators. This effort focuses on simply doing a better job of identifying which entity is really responsible for paying the taxes on a fleet of cars. The ownership and operation of fleet operators often involve multiple organizational layers or legal relationships that have at times led to tax bills being directed to the wrong entity or address.

Collections Processing

Automation of the collections process was begun during the prior administration and dates back more than ten years. The last few stages in this process have been completed recently. For example, the fall 1985 tax bills were the first to be imprinted with coding that can be read by optical scanning machines. Both the lockbox payments and those coming in through teller windows can be recorded by this equipment. This type of automation vastly improves the accuracy and lowers the cost of processing payments. By eliminating the step of having to enter account numbers by hand on a keyboard, the percentage of errors in recording payments has declined to almost nothing. Considerable time is thus saved in correcting entries.

Cash Flow Projections

During 1985, Treasury developed the ability to monitor and update its cash flow projections with the use of a computer model. Month-end actual receipts and expenditures are available within days so that the overall cash position and

commitments relative to prior projects are known on a very timely basis. The fact that a cash flow projection dated November 5 (Exhibit 1) has actual receipts and disbursements through the end of October represents a major achievement for Treasury. This was made possible by the automation of the cash flows, a major project brought to fruition this year. This new system not only provides timely data for decision making, but it also frees up for analytic tasks staff time that was formerly required for putting together the cash flow projection itself. While the overall cash flow projection is updated now on a quarterly basis, the capacity clearly exists to update it more frequently. As the staff gains experience with this model, the underlying assumptions can be refined, thus improving its accuracy.

Communications

The Collector-Treasurer has strengthened the communications with the financial community about the condition of the City. The best example in this area is the "City of Boston Financial Newsletter" mentioned above. While starting a newsletter may not seem on the surface to be a major achievement, it is important to have an effective strategy for communicating the City's economic and financial condition to the investment community. The Newsletter symbolizes this effort.

RECOMMENDATIONS

The Committee recommends that action be taken in four areas:

- Continue to reduce the backlog of delinquent taxes;
- Further improve the collection of current taxes;
- Raise the fees for late payment of taxes; and
- Develop an accrual system for tracking and reporting investment income.

Backlog of Delinquent Taxes

Treasury should complete its analysis of delinquent accounts with the objective of establishing three categories of receivables in the tax title account: those that appear collectible with the application of remedies short of foreclosure, those in which foreclosure would appear to be economically viable for the City and the only feasible alternative, and those where the amount that could be realized appears to be less than the cost of foreclosing.

The Mayor's Management Review Committee believes that the successful effort to engage private collectors on motor vehicle excise tax delinquencies should be tried in the property tax area. The present level of Deputy Collector staffing is simply not adequate to have an effective collections presence in the field. The Committee recognizes that a means of compensating private collectors needs to be devised, but feels that with proper incentives the City will realize more revenue than it does under the present system.

Collection of Current Taxes

In addition to reducing the backlog of delinquencies, Treasury should devote resources to further improving current collections. In 1985, some 3,000 taxpayers were delinquent at fiscal year end. It is much easier to collect on a current basis than after the passage of significant time. Indeed, some failures to pay current taxes result from simple confusion about who is responsible for payment of the taxes during the period when property changes hands. It is easy to ignore a written notice if one thinks it is in error. Personal contact with the taxpayer early in the process could clarify such confusion.

Specifically, the Committee recommends that a system of telephone contact and additional notices be instituted during the period December through April when there is currently no contact. Such an initiative would accelerate the receipt of taxes that are paid within the fiscal year and improve the rate of collections for the year. Fewer delinquencies would be added to the backlog each year, and those added would already have a collections history. Thus, the application of delinquent remedies could be started immediately and cases pushed to resolution much more quickly. It will be much easier to collect from a taxpayer who has been spoken with several times in recent months than one whose account has sat idle for years and accumulated late fees and interest that may have doubled or tripled the balance due.

To pursue such a current collection effort effectively, some collectors should work an afternoon and evening shift in order to reach by phone taxpayers who may not be home in the daytime. This is standard practice in loan servicing and collections, and should be part of the City's approach. Treasury should explore the economics of performing these functions with Treasury staff versus contracting with a private firm.

Fees For Late Payment of Taxes

The initial \$2 late payment fee and the \$7 additional charge after the due date of current taxes should be raised to provide taxpayers with a meaningful financial incentive to make timely tax payments to the City.

Accrual System for Tracking and Reporting Investment Income

Both for evaluation of investment performance and in anticipation of stringent requirements under proposed federal tax law changes relating to arbitrage, Treasury should develop a more refined system of reporting its interest income on the investment of cash balances in the General Fund. Such a system would not be difficult to develop or costly to maintain. Once established, each new investment would be added with the daily interest accrual based on its rate and maturity. Then for any time period (day, week, month, etc.) a rate of return could be reported based on accrued interest and the actual (or average) balance invested.

